

**economic analysis
of north american
ski areas
1982-83 season**



Business Research Division
Graduate School of Business Administration
University of Colorado
Boulder Colorado





ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS

by
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**Business Research Division
Graduate School of Business Administration
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ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS 1982-83

EXECUTIVE SUMMARY

This 1982-83 survey is the fifteenth economic report to the ski industry. The data represent ski areas possessing approximately 50 percent of the ski area capacity of the nation (see Table 2). Measured another way, by skier visits, the respondents to this survey reported total skier visits of 22.9 million compared with the 1982-83 NSAA End of Season National Business Survey estimated total of 46.9 million skier visits for the nation. This means the respondents to this survey received 49 percent of the skier visits in the nation in 1982-83. If the balance of the areas had similar experiences the ski industry processed gross revenues of \$1,041 million and provided payrolls of \$241 million.

This report follows the format of the previous reports to increase comparability and standardize measurements.

Response

The 1982-83 survey is based on complete and detailed financial data from 112 ski areas, a 3 percent increase from the 1981-82 study.

Profitability

The ski industry recorded an average 5.75 percent operating profit (profit before income tax and interest expense) as a return on Gross Fixed Assets, down substantially from the 14.6 percent in 1981-82, and slightly better than the 5.5 percent in 1980-81. Only 62 percent of the respondents reported operating profits. The average before tax profit was \$142,517.

Utilization

Utilization was down to 38.1 percent. Equivalent days/nights of operation were down substantially to 117 from 130 in 1981-82. This illustrates the difference in operations in a poor snow year versus a good snow year.

Revenue

Average revenue per skier visit increased 5.8 percent to \$15.24. Average total revenue was down 9.4 percent to \$3,256,000. This decrease was attributable to a large decrease in skier visits, again contrasting a bad snow year in many areas against the previous good year.

Average adult weekend day ski lift ticket prices were up 5.3 percent to \$16.43.

Expenses

Cash operating costs averaged \$4.52 per skier capacity per equivalent operating day/night. This critical measure is up 8 percent from the \$4.19 of 1981-82 and is above the \$4.40 of 1980-81. The cash operating costs increased 8 percent outpacing the average revenue per skier visit, which increased 5.8 percent.

Highlights At a Glance

	1982-83 Respondents (000)	By Profitability		
		Top Half (000)	Bottom Half (000)	Loss (000)
Gross Fixed Assets	\$7,706	\$8,944	\$6,230	\$7,868
Total Gross Revenue	4,439	6,712	3,609	3,233
Less: Operating Expenses	3,996	5,186	3,281	3,591
Operating Profit (Loss)	443	1,526	328	(358)
Less: Interest	300	320	276	301
Profit (Loss) Before Tax	\$ 143	\$1,206	\$ 52	\$ (659)
Number of Respondents	(118)	(37)	(36)	(45)

Summary

The 1982-83 season was a poor year for many ski areas in North America. Results reflected a poor snowfall and warm weather in many regions allowing areas to record an average of only 117 equivalent days/nights of operation.

All geographic regions showed a substantial decrease in operating profit on gross fixed assets except for the Pacific Northwest areas which went from a negative return (before tax) on gross fixed assets to a return of .46 percent. All regions showed decreases in return (before tax) on equity, except for the Pacific Northwest areas whose 2.8 percent return is up from a loss position last year.

All regions except the Pacific Northwest reported a decrease in profits before taxes from last year; in fact most regions (New England, East and Ontario, Midwest and Northern Rockies) had a loss before taxes in 1982-83. The Pacific Northwest was the only region to report an increase in operating profit and profit before taxes.

THE SKI AREA DOLLAR

Table A and the following pie charts illustrate the sources and uses of the ski area customer's dollar for the 1982-83 season.

TABLE A
THE SKI AREA DOLLAR

	1982-83 Season	1981-82 Season	1980-81 Season	1979-80 Season	1978-79 Season
<u>What It Buys</u>					
Ski Lift Tickets	\$0.57	\$0.54	\$0.52	\$0.58	\$0.58
Ski Lessons	.06	.05	.05	.06	.06
Food and Beverages	.10	.10	.10	.11	.12
Ski Equipment and Clothing	.03	.03	.04	.04	.04
Rental of Equipment	.03	.03	.04	.04	.05
Miscellaneous (Winter)	.05	.05	.05	.05	.04
Summer Services ^a	.08	.09	.07	.06	.05
Real Estate	.08	.11	.12	.06	.06
	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
<u>What It Pays For</u>					
Labor (Payrolls) ^b	\$0.26	\$0.25	\$0.23	\$0.25	\$0.24
Utilities, Supplies, Maintenance, etc. ^c	.18	.18	.23	.17	.16
Cost of Goods Sold	.10	.09	.12	.10	.12
General and Administrative	.13	.09	.11	.10	.11
Depreciation	.11	.09	.10	.09	.08
Interest	.07	.06	.06	.06	.04
Insurance	.03	.02	.03	.03	.04
Advertising/Marketing	.05	.04	.04	.04	.03
Land Use Fees	.02	.02	.02	.02	.02
Property and Other Taxes	.03	.02	.02	.02	.02
Income Taxes (50%)	.01	.07	.02	.06	.07
Profit (50%)	.01	.07	.02	.06	.07
	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>

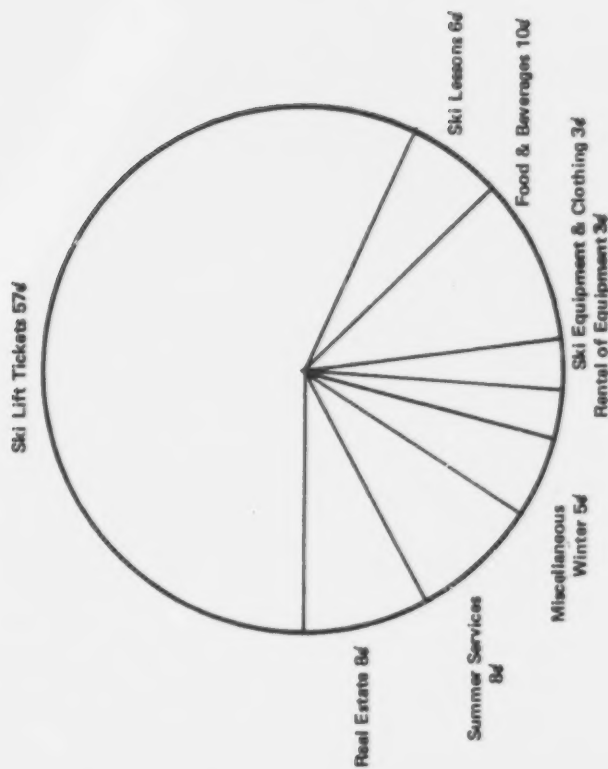
^aIncludes summer season plus utility department and miscellaneous.

^bIncludes direct labor, snowmaking labor and payroll taxes.

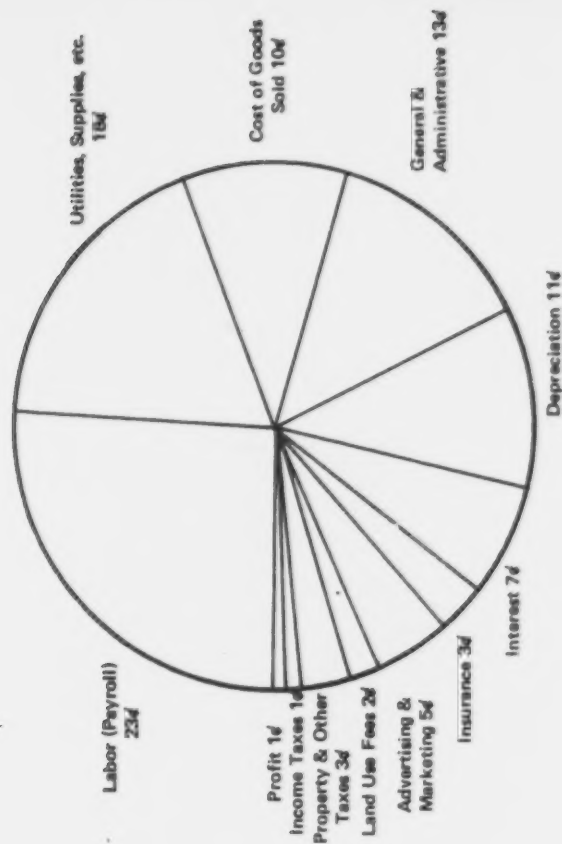
^cIncludes other direct, property operations, snow removal, and snowmaking—power, maintenance, other.

THE SKI AREA DOLLAR 1982-83

What It Buys



What It Pays For



COMMENTS FROM AROUND THE COUNTRY

NATIONAL SKI AREAS ASSOCIATION

Cal Conniff, President

Severe and erratic weather and snow conditions throughout the country was the major reason for a decline in skier volume in the 1982-83 season for the ski industry as a whole. The national skier visit count was 46.9 million, down 3.8 million from the previous excellent season.

A national weather summary of the 1982-83 season would read as follows: Below-normal snowfall for the East and Midwest with above-average temperatures that produced a recurrent pattern of rain. More snow fell in the Southeast than in New England, but that region, too, suffered from frequent rain. Heavy snows came early to the Rockies and continued late into the spring, bringing below-normal sunshine and warm weather. A little less snow and more sun would have been welcomed. A major blizzard shut down the Denver airport, preventing thousands of skiers from reaching the resorts for the all-important Christmas holiday. Numerous major weekend blizzards in the Sierras made travel to the slopes difficult, if not impossible. The Pacific Northwest had generally good snow cover, particularly at the higher elevations and ended up with a generally good season.

Again, we found that when snow conditions and weather were good, business was also good. Unquestionably snowmaking "saved the day" at many areas east of the Mississippi. Economic conditions appeared to have no major effect on skiers' willingness to spend, but there is every indication that our customers have become more selective about when and where they will go skiing. It therefore continues to be increasingly important to offer our customers a quality experience on and off the mountains.

VERMONT

George Donovan, Chief of Research, Division of Research and Statistics, Agency of Development and Community Affairs, Montpelier, Vermont.

Snowmaking was important in this season with no major snowstorm until January 16. While November and December were far below average in snowfall, January, February and March were close to average but had interspersed days with mild temperatures and rain. The total number of alpine skier days is estimated at 3.0 million, some 25 percent less than for the 1981-82 season. Corresponding skier expenditures are estimated at \$165 million compared to \$200 million a year ago. Out-of-staters spent about \$64 per day, stayed an average of 2.8 days, and averaged 3 persons per trip.

The following details attendance and expenditures:

Season	Estimated Annual Skier Expenditures	Estimated Skier Days	Average Expend. per Skier Day
1976-77	\$ 80,000,000	3,000,000	\$26.70
1977-78	115,000,000	3,600,000	32.00
1978-79	109,000,000	3,200,000	34.00
1979-80	84,000,000	2,100,000	40.00
1980-81	120,000,000	3,100,000	39.00
1981-82	200,000,000	4,000,000	50.00
1982-83	165,000,000	3,000,000	55.00
Vermonters	11,000,000	600,000	18.00
Out-of-Staters	154,000,000	2,400,000	64.00

CENTRAL SKI AREAS ASSOCIATION

Joseph L. Wachtel, Vice President for Operations, Sundown

The 1982-83 season was a great one in the Midwest. Too bad it only lasted three weeks. The month of December was characterized by a good solid rain storm about every 10 days. I know that we at Sundown had 4 grand openings in December. The crowning blow was a deluge throughout the Midwest on Christmas day, effectively torpedoing Christmas week.

In January, the northern tier of the region received a substantial snowfall which helped the Lake Superior areas show a very moderate increase in skiers.

The only snowfall of any consequence in the Central and Southern regions occurred on February 1. We still haven't got the selling job done on the dependability of machine-made snow. The generally snowless winter and mild temperatures kept the skiers' minds on other pursuits. Areas I talked to in the Central and Southern regions of the midwest quoted figures of between 20 percent to 50 percent decrease in skier days from the 81-82 season. Oh well, maybe next year.

COLORADO SKI COUNTRY USA

Robert Knous, President

1982-83 resulted in a record year for the 35 ski resorts in Colorado, which issued a total of 8.2 million lift tickets. The year was highlighted by excellent early and late snows, which resulted in a "second season" . . . extended closing dates at many areas and the reopening of Vail. Colorado's ski season extended from October 15th, 1982 to July 4, 1983 because of the excellent snow conditions that prevailed throughout the majority of the ski season. Last season's lift ticket sales exceeded the 81-82 total of 7.6 million lift tickets by 7.58 percent. It is estimated that 62 percent of these visits are out-of-state or destination skiers who spend an average of \$120 per day,

based on a recently concluded economic impact study by Browne, Bortz and Coddington, and 38 percent day skiers, spending approximately \$20 per day. The combination of this group represents direct expenditures of approximately \$660 million in the state of Colorado. This, combined with indirect expenditures of nearly \$400 million and summer impacts totaling \$55 million makes the ski industry's contribution to the state's economy over \$1 billion. The statistics were hampered by a record snow storm which paralyzed Denver's Stapleton International Airport over the Christmas holiday and persistent weekend snowstorms which hurt both the day and destination business throughout the ski season. Even with this adversity, a record-breaking year was achieved, which should set the stage for even more impressive figures generated in 1983-84.

SKI UTAH

Danny Richardson, President

The 1982-83 ski season was, by all accounts, the best year ever in Utah, with over 2.49 million skier days recorded at Utah's 16 ski areas. This equals a 14 percent increase in skier days over the 1981-82 season, and a 6 percent margin over the best previous season, 1978-79. Several factors attributed to the increase:

An abundance of natural snowfall that started early and continued through the season. The season stretched 216 days with several areas receiving their "usual" 500+ inches of snow;

A poor snow year in the Eastern U.S.;

A doubling of available flights into Salt Lake City, as Western Airlines developed Salt Lake City into their major hub along with many discounted fares throughout the United States;

A growing awareness of Utah as a ski destination.

The 1983-84 season looks to be another year of solid growth with the possibility of another record year.

PACIFIC NORTHWEST SKI AREAS ASSOCIATION

Mel Borgersen, Executive Director

Total skier visits for 26 ski areas in Washington, Oregon and Idaho were 3.47 million in 1981-82 and 3.30 million in 1982-83, down 5.0 percent.

Skier visits for 19 ski areas in British Columbia were 2.02 million in 1981-82 and 2.01 million in 1982-83, down .3 percent.

The 45 ski areas in the three states and one Canadian province had combined skier visits of 5.49 million and 5.31 million during the past two winters. The overall decrease was 3.1 percent. These ski areas represent over 98 percent of the total skier capacity of the entire region (Tenth Annual *Ski Lift Revenue Survey* by Mel Borgersen & Associates, Ltd.).

The 1982-83 winter season started in mid-November for many ski areas. Snowfall was above average overall during the season, with a large snowpack in the Coastal Range in May.

Unseasonably warm periods were experienced in January and February. "El Nino," a mysterious pool of warm water in the Pacific Ocean, allegedly was the cause of severe storms and chinook winds on the West Coast. Some ski areas suffered a loss of snow at lower elevations and some decrease in skier traffic.

The performance of individual ski areas within the region varied considerably, as usual. Eighteen ski areas reported increases in skier visits, and 27 areas reported decreases. The largest increase in the number of skier visits for a single ski area was 73,000. The largest decrease reported was 45,000. The largest percentage increase reported was 296 percent, and the largest percentage decrease was 59 percent.

SIERRA SKI AREAS ASSOCIATION

Bob Roberts, Executive Director

The winter of '83 touched us all. In human terms, the storms which brutalized California killed 34 people. The economic cost to the state was well over \$550 million dollars. In the Sierra a record snow pack of over 200 feet smothered Donner Summit from February to April.

For the ski industry the season was particularly bittersweet. The eerie storms afforded Halloween openings, excellent Thanksgiving crowds, and a record Christmas holiday for almost all the resorts in the Sierra. On January 16 the deluge hit. Snow fell on 10 of the 11 following weekends. While the mountain population worked overtime to dig out and clear roads, the skiers in the lowlands had their problems: flooding, mudslides, pounding surf, and high winds. At Easter the main highway to South Lake Tahoe, US 50, was closed by a behemoth landslide.

Few anticipated the winter of '83, hardly anyone can really explain it, but everyone will remember it.

PREFACE

The Business Research Division is pleased to present another edition of the NSAA Economic Analysis of North American Ski Areas in its tourism and recreation report series. The reader will find this study, covering the 1982-83 season, has followed the format of the previous reports for ease in comparison.

The 1982-83 ski season contrasted sharply with the exceptionally good snow year recorded in 1981-82. Erratic weather was the rule in the 1982-83 season causing a decline in skier visits. Readers are urged to utilize the 1982-83 data in conjunction with previous studies to obtain a realistic picture of the industry over time.

The Economic Study Committee again asked the ski areas to identify themselves on the questionnaire, which made it possible to have a more efficient follow-up. Calls to areas for small bits of missing financial data enabled us to utilize the majority of the questionnaires, compute ratios, and do other types of analysis, which are not possible when any key data elements are missing. Also, only areas that provided 12-month financial data were included so comparisons would be as meaningful and consistent as possible. The survey response resulted in 118 areas providing complete financial data.

Any comments, questions or suggestions for improvement of the survey should be directed to Charles R. Goeldner, Director, Business Research Division, University of Colorado, Campus Box 420, Boulder, Colorado 80309, or Thor Groswald, Winter Park, P.O. Box 36, Winter Park, Colorado 80482.

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This study would not have been possible without the help of many parties. Acknowledgment is made to the NSAA Economic Study Committee: Thor Grosword, Winter Park, Chairman; Curtis Bender, Colorado Mountain College; Mel Borgersen, Pacific Northwest Ski Areas Association; David L. Carto, Snow Trails; Cathy Cummings, NSAA; Chris Diamond, Mount Snow; Ted Farwell, Ted Farwell and Associates; Rob Fernald, Sno-engineering; Dennis Harmon, Aspen Skiing Company; Marvin Kottke, University of Connecticut; Robert Loughrey, Bogus Basin; and Robert Macdonald, Fairfield Snow Bowl, for their assistance with the development of the survey and its subsequent analysis. While all contributed, special mention goes to Thor Grosword and Cal Conniff for handling administrative details.

A special tribute goes to Tom Buchman and Karen Duea for their efforts in preparing the report. Many thanks go to Nancy Cress, Gin Hayden, Frank Bryan, and Dennis Yannutz of the Business Research Division staff for their efforts in making computer runs, constructing tables, typing, and printing against extremely tight deadlines.

Finally, our thanks go to the 118 ski area operators who furnished complete financial data, for without their participation the study would not exist.

C. R. Goeldner, Director
Business Research Division

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INTRODUCTION

This economic analysis of the ski industry represents the fifteenth survey of the National Ski Areas Association (NSAA) members. Historically the first study was conducted by Sno-engineering, Inc. and reported data for the 1965-66 and 1966-67 seasons. It was followed by the Case and Company study which covered the 1967-68 season. These studies were followed by three United Bank of Denver studies covering the 1970-71, 1971-72, and 1972-73 seasons. In 1974 the Business Research Division, University of Colorado, was assigned responsibility for the study and produced the sixth through the fourteenth ones covering the 1973-74 through 1981-82 seasons. Consequently, this report focusing on the 1982-83 season represents the fifteenth effort. The survey was conducted by the Business Research Division in cooperation with the Economic Study Committee of NSAA.

Purpose and Objectives

The purpose of the annual survey is to measure and describe ski industry physical and economic characteristics; to create financial yardsticks and economic ratios having a bearing on health, growth and profitability; and to present a picture of the financial performance of the ski industry.

Specific objectives are:

1. To allow ski area operators and others to examine the performance of the industry for the 1982-83 season.
2. To allow individual ski areas to compare their performance to appropriate industry norms and benefit from the experience of others.
3. To improve understanding of ski area economics.
4. To provide a historical perspective.
5. To assist in the planning process.

Methodology

The methodology utilized in the study was the mail survey method. A questionnaire was distributed to both NSAA member and non-member ski areas in July 1983. Follow-up action included additional mailings and telephone calls from Economic Study Committee members and the

Business Research Division staff. Assistance was also provided by NSAA headquarters and regional ski area associations in an effort to gain cooperation and participation.

The questionnaire contained 16 questions concerning various factual characteristics; one open-end question; and itemized requests for revenue, expense, profit (loss) and balance sheet data pertaining to the 1982-83 ski season. A copy of the questionnaire is contained in Appendix B.

Completed questionnaires were coded, key-punched and summarized using the Statistical Package for the Social Sciences (SPSS) program on the University of Colorado's Cyber 172. In cases where tables in the report do not add to 100 percent, it is due to rounding.

Sample Response and Validity

The survey contained information on both area characteristics and financial data. Table 1 shows the geographic breakdown of the 118 areas furnishing complete data.

TABLE 1
GEOGRAPHIC LOCATION OF RESPONDENTS

	Number		Number
<u>New England</u>		<u>Central Rockies</u>	
Maine	1	Colorado	18
Massachusetts	4	New Mexico	5
New Hampshire	7		23
Vermont	5		
Quebec, Canada	1	<u>Northern Rockies</u>	
	18	Idaho	2
		Montana	5
<u>East</u>		Utah	4
New York	8	Wyoming	1
North Carolina	1		12
Pennsylvania	5		
Virginia	1		
West Virginia	2	<u>California and Nevada</u>	
Ontario, Canada	2	California	14
	19	Nevada	4
			18
<u>Midwest</u>			
Indiana	1	<u>Pacific Northwest</u>	
Iowa	1	Idaho	1
Kentucky	1	Oregon	4
Michigan	6	Washington	6
Minnesota	2	British Columbia, Canada	2
Ohio	1		13
Wisconsin	3		
	15		

Usable responses were obtained from 118 ski areas. The 118 areas providing complete financial data represent an increase from the 1981-82 study, which included 115 ski areas. Table 2 compares the VTF/Hour of our respondents to the total VTF/hour of the regions.

TABLE 2
SAMPLE RESPONSE BY CAPACITY
(000)

Region	Total VTF/Hour	Sample VTF/Hour	Percent Response
New England	268,346	110,560	41.2%
East	222,520	68,681	30.9
Midwest	131,891	31,410	23.8
Rockies	455,823	273,783	60.1
West	<u>374,944</u>	<u>247,987</u>	<u>66.1</u>
	1,453,524	732,421	50.4%

Table 3 provides a measure of the validity of the 1982-83 study response by comparing capacity represented with the 1981-82 responses. The 115 ski areas with complete financial data in the 1981-82 study reported 708,268,000 VTF/hour and represented some 51.3 percent of total. The 1982-83 response represents 732,421,000 VTF/hour, about 50 percent of total capacity.

TABLE 3
CHANGE IN EFFECTIVE RESPONSE
1982-83 VS. 1981-82
(000)

Region	1982-83 (VTF/Hour)	1981-82 (VTF/Hour)	Percent Change
New England	110,560	107,655	2.70%
East	68,681	50,750	35.33
Midwest	31,410	25,994	20.84
Rockies	273,783	281,709	- 2.81
West	<u>247,987</u>	<u>242,160</u>	<u>2.41</u>
	732,421	708,268	3.41%

Limitations

The most important limitation is that the study does not include all ski areas. While a response by ski areas containing some 50.3 percent of the uphill skier capacity in the nation is excellent, it may or may not be representative of the industry. Therefore, the data can accurately be interpreted as applying to only the 118 areas that responded. These areas are listed in Appendix A.

The authors believe that response was good due in large part to the acceptance of the past studies, follow-up efforts, and increased awareness of the practical value of the data. Non-respondents, however, could be weighted heavily by loss operations or by small operators who do not have a great interest in the study.

How to Use the Study

An understanding of the terms is essential to a proper understanding of the report. Definitions are included in Appendix C and the reader is urged to familiarize himself with these specifics prior to delving into the report.

Individual ski areas will benefit from conducting a comparative analysis. Most tables contain a column where ski areas may insert the data supplied on their questionnaires and relate their experience to the appropriate average figures. First, fill in your figures. Second, compute your critical financial ratios. Third, complete proportional analyses (percentages) based on both total revenue and gross fixed assets. Finally, with these measures compared to one or more of the appropriate geographic, size or profitability breakdowns, analyze your strengths and weaknesses. In general, concentrate on areas where your operations differ significantly from the averages.

A significant difference need not dictate a change; however, it does flag an area that requires your attention to either adequately rationalize the departure from the norm or to focus on methods of reducing the expense, increasing the revenue, or increasing the utilization.

Organization

The report is divided into ten chapters. General ski industry characteristics and trends over the past studies are contained in Chapter II. Ski area financial performance is covered in Chapter III. Chapter IV deals with the critical financial ratios. The details of profitability are discussed in Chapter V. Chapter VI discusses the various departments, their contribution and employment. Regional characteristics and differences are discussed in Chapter VII, while Chapter VIII contains a description of the industry broken down by type (day, weekend, vacation and weekend only), size and days of operation. Chapter IX discusses the characteristics of ski areas with snowmaking and those with night operations. Chapter X concludes the study by presenting the results of the open-end question dealing with 1982-83 season highlights.

The report contains four appendices. Appendix A lists the ski areas that responded to the survey, Appendix B presents the questionnaire used, Appendix C defines the terms used in the study, and Appendix D lists the members of the NSAA Economic Study Committee.

II

SKI INDUSTRY CHARACTERISTICS

Ski areas were asked 16 questions concerning factual characteristics about their operation. These characteristics are summarized in Table 4. Similar tables summarize these significant parameters by various geographic locations, size, profitability, type, days of operation, snowmaking, and night operation breakdowns in subsequent chapters.

The purpose of gathering this information was to examine industry characteristics and explore similarities and differences in an attempt to develop parameters to describe success or failure. Significant findings are discussed in this chapter.

VTF/Hour

The average ski area contained 6,206,954 vertical transport feet per hour of uphill capacity, capable of comfortably handling crowds of 4,114 skiers. Average VTF/hour was up slightly due to a growth in new capacity of 1.8 percent. Figures shown in Table 2 (page 3) were developed from the 22nd Annual Survey of New Lifts (*Ski Area Management*, January 1983) and indicate a growth of 72,225,000 VTF/hour, up 5.2 percent over 1981-82.

Table 5 contains a comparison with previous studies. Ski areas in the 1982-83 study varied in size from a low of 780,000 VTF/hour to a high of 32,450,000 VTF/hour.

Gross Fixed Assets (GFA)

Size is also measured in Gross Fixed Assets, the total undepreciated cost to create the ski area. Average GFA is \$7,705,729 representing an average cost of \$2,006 for each skier accommodated daily. (Defined in the economic ratio section as the Capital Cost/Capacity Ratio.) The smallest ski area responding had GFA of \$199,000, while the largest had \$67,329,000.

Type

One descriptive method of differentiating ski areas is by markets. Most areas serve a specific functional market while a number will serve more than one. Areas were asked to classify themselves

TABLE 4

AVERAGE SKI AREA CHARACTERISTICS

	1982-83	1981-82	1980-81	1979-80	1978-79	USFS Permittees 1982-83
SIZE						
VTF/Hour (000)	6,207	6,159	5,704	4,968	4,808	7,575
Gross Fixed Assets (000)	\$7,706	\$6,740	\$5,543	\$4,176	\$3,593	\$9,174
LOCATION						
Within 50 Miles of SMSA	32%	32%	31%	33%	37%	22%
With 6+ Areas in 1 Hour	29%	34%	29%	31%	27%	24%
New England	15%	17%	19%	18%	17%	7%
East	16%	13%	12%	14%	13%	0%
Midwest	13%	10%	12%	15%	16%	2%
Rockies	30%	33%	33%	28%	33%	52%
West	26%	27%	24%	26%	21%	39%
SITE CHARACTERISTICS						
Number of Beds at Base	1,203	1,170	981	682	726	1,849
Number of Beds (10 Miles)	3,860	4,032	3,801	3,098	2,161	4,571
With Snowmaking	68%	63%	55%	60%	58%	51%
With a Night Operation	38%	38%	36%	41%	36%	20%
Terrain: Beginner	26%	26%	25%	25%	24%	23%
Intermediate	49%	49%	49%	50%	51%	48%
Expert	25%	25%	26%	25%	25%	29%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	50%	53%	50%	50%	51%	100%
Engaged in Land Development	32%	37%	39%	34%	33%	29%
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	117	130	98	113	131	139
Average Peak Day Crowd	4,166	4,291	3,785	3,620	3,648	4,713
Average Skier Visits (000)	194	207	151	178	181	253
Average Age of Ski Areas	24 years	23 years	23 years	22 years	22 years	25 years

TABLE 4 (Continued)

AVERAGE SKI AREA CHARACTERISTICS

	1982-83	1981-82	1980-81	1979-80	1978-79	USFS Permittees 1982-83
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	\$15.24	\$14.40	\$12.59	\$10.92	\$ 9.96	\$15.49
Average Lift Ticket Revenue/Skier Visit	\$12.90	\$12.46	\$10.91	\$ 9.25	\$ 8.47	\$13.24
Average Adult Lift Ticket Price:						
Weekend	\$16.43	\$15.60	\$13.81	\$12.05	\$10.89	\$16.48
Weekday	\$14.89	\$14.29	\$12.46	\$10.60	\$ 9.61	\$15.82
Average Night Ticket Price						
Weekend	\$ 9.01	\$ 8.42	\$ 7.83	\$ 6.94	\$ 6.08	\$ 8.54
Weekday	\$ 8.47					\$ 8.42
Average Adult Season Ticket Price	\$ 325	\$ 327	\$ 275	\$ 236	\$ 218	\$ 353
Average Utilization	38%	40%	42%	48%	44%	39%
Average Profit (Loss) Before Tax (000)	\$ 143	\$ 679	\$ 112	\$ 348	\$ 378	\$ 368
Ratio: Revenue/GFA	42%	53%	40%	51%	54%	46%
Base	(118)	(115)	(121)	(131)	(124)	(59)

TABLE 5
VTF/HOUR CAPACITY

VTF/Hour (000)	1982-83		1981-82		1980-81	
	Number of Areas	%	Number of Areas	%	Number of Areas	%
Under 2,500	31	26.3%	27	23.5%	33	27.3%
2,500 - 3,999	25	21.2	23	20.0	23	19.0
4,000 - 5,499	19	16.1	20	17.4	22	18.2
5,500 - 9,999	22	18.6	41	35.7	38	31.4
10,000 and Over	21	17.8	4	3.5	5	4.1
	118	100.0%	115	100.1%	121	100.0%

as "day," "weekend," "vacation" or "weekend only" types. Classification as a day area is the largest in the East and Midwest, while vacation areas dominate in the Rockies. A higher proportion of the smaller areas are day oriented while the larger are vacation destinations.

Acreage

The average ski area contains 557 acres of developed ski slopes and trails. Currently these 557 acres support crowds of 3,841 skiers, creating an average density of 6.9/acre. Ski areas in the Midwest accommodate skiers at the average density of 31.7/acre, and New England areas at 22.0/acre, while the Western areas vary from 2.9/acre to 7.7/acre. Table 6 summarizes this data.

TABLE 6
SKI AREA ACREAGE AND CAPACITY

	Base	Average Acres	Calculated Capacity (Skiers)	Average Density (Skiers/Acre)
Total Sample	(118)	557	3,841	6.9
USFS Permittees	(54)	736	4,392	6.0
By Profitability				
Top Half	(37)	817	4,984	6.1
Bottom Half	(36)	493	3,498	7.0
Loss	(45)	390	3,175	8.1
By Geographic Region				
New England	(18)	186	4,095	22.0
East and Ontario	(19)	142	2,410	17.0
Midwest	(15)	66	2,094	31.7
Central Rockies	(23)	555	4,272	7.7
Northern Rockies	(12)	1,101	3,227	2.9
California and Nevada	(18)	1,012	5,582	5.5
Pacific Northwest	(13)	1,114	4,987	4.5
By Type				
Day	(58)	370	2,386	6.5
Weekend	(26)	475	3,800	8.0
Vacation	(32)	986	6,608	6.7
Weekend Only	(2)	163	2,260	13.9
Snowmaking Areas				
New England	(17)	193	4,203	21.8
East and Midwest	(20)	108	2,333	21.6
West	(29)	739	4,952	6.7

Location

Geographic Location

Tables 1 and 2 illustrate the geographic dispersion of ski areas responding across the nation. Table 7 shows the proportion of areas and capacity (VTF/hour).

TABLE 7
LOCATION OF SKI AREAS

Region	Estimated Capacity	
	VTF/Hour (000)	%
New England	268,346	18.5%
East	222,520	15.3
Midwest	131,891	9.1
Rockies	455,823	31.3
West	374,944	25.8
	1,453,524	100.0%

Proximity to Metropolitan Areas

Travel is a critical variable to the success of ski areas. With the nation-wide speed limit of 55 miles per hour and a general limit on time for day and weekend outings, proximity to markets has become more important in the 1980s. Table 8 illustrates this critical relationship.

TABLE 8
PROXIMITY TO METROPOLITAN AREAS (SMSAs)

Miles to Nearest SMSA	Total Sample		Day	Weekend	Vacation	Weekend Only
	Number	%	%	%	%	%
0 - 24 miles	17	14.4%	24.1%	7.7%	3.1%	0.0%
25 - 49 miles	21	17.8	20.7	11.5	15.6	50.0
50 - 74 miles	27	22.9	25.9	23.1	18.8	0.0
75 - 99 miles	19	16.1	13.8	23.1	15.6	0.0
100+ miles	34	28.8	15.5	34.6	46.9	50.0
	118	100.0%	100.0%	100.0%	100.0%	100.0%

Note that 71 percent of the day areas are within commuting distance (75 miles) while the bulk of the weekend areas require 2 or more hours of driving. Vacation destinations are typically in more remote locations where snow conditions are maximized, because with stays of 7 to 10 days, proximity is not critical.

Proximity to Other Ski Areas

Ski areas tend to be clustered near each other geographically. Part of this trend is due to natural conditions required, the terrain, snow conditions and climate. Part may be conditioned by the existence of regional airports, interstate highway access and the observed behavior of skiers who seek destinations where they may find a variety of skiing experiences. Table 9 illustrates the extent of this clustering.

TABLE 9
PROXIMITY OF COMPETITIVE AREAS, 1982-83

Number of Areas Within 1 Hour Drive	Total Sample		Profitability		
			Top Profit	Bottom Profit	Loss
	Number	%	%	%	%
No Response	1	0.8%	2.7%	- %	- %
None	16	13.6	27.0	13.9	2.2
1	20	16.9	16.2	19.4	15.6
2 - 3	28	23.7	16.2	25.0	28.9
4 - 5	19	16.1	16.2	13.9	17.8
6+	34	28.8	21.6	27.8	35.6
	118	99.9%	99.9%	100.0%	100.1%

Table 9 shows that the areas without competition had the largest percentage in the top profit category. This is in contrast with previous surveys where a clustering of ski areas created the highest profitability.

Site Characteristics

Lodging Facilities

Ski areas reported lodging capacity both in terms of beds at the base area and within 10 miles. Table 10 summarizes this data. The number of beds at the base ranged from 0 to 32,000.

TABLE 10
SKI AREA LODGING CAPACITY, 1982-83

Number of Beds	At Base		Within 10 Miles	
	Number	%	Number	%
No Response	5	4.2%	7	5.9%
None	54	45.8	14	11.9
1 - 149	14	11.9	11	9.3
150 - 299	11	9.3	7	5.9
300 - 599	6	5.1	16	13.6
600 - 1,199	12	10.2	15	12.7
1,200 - 9,999	12	10.2	32	27.1
10,000+	4	3.4	16	13.6
	<u>118</u>	<u>100.1%</u>	<u>118</u>	<u>100.0%</u>

Ski areas with a large number of beds both at the base and within 10 miles continued to enjoy higher utilization and better profitability.

Snowmaking

Snowmaking capability exists at 68 percent of the respondent areas, up from 63 percent last year. For areas with snowmaking, the average coverage was 94 acres and average operation was 835 hours in 1982-83.

Terrain

In general, 49 percent of the slopes and trails at ski areas responding are classified intermediate (or more difficult in standard NSAA terminology), while 26 percent are beginner (easiest) and 25 percent expert (most difficult).

Business Characteristics

Site Ownership

Sixty-three percent of the areas responding operate on public land. Fifty percent are under permit from the U.S. Forest Service, while 9 percent lease state land, 1 percent Canadian land, and 3 percent other public land. The average USFS permittee reports 87.3 percent of slope transport feet on leased land.

Table 11 illustrates the general pattern of site ownership. As would be expected, land ownership is closely associated with geographic location. Areas located wholly on private land are generally found in the East and Midwest, while areas located partially or wholly on public lands are located in the Rockies or the West.

TABLE 11
SITE OWNERSHIP

Ownership	Total Sample	New England	East	Midwest	Rockies	West
All Private	37.3%	44.4%	89.5%	73.3%	8.6%	16.1%
Public USFS Permit	50.0	22.2	0.0	6.7	88.6	74.2
State Land Lease	9.3	27.8	10.5	13.3	0.0	6.5
Canadian Lease	0.8	0.0	0.0	0.0	0.0	3.2
Other	2.5	5.6	0.0	6.7	2.9	0.0
	99.9%	100.0%	100.0%	100.0%	100.1%	100.0%
Base	(118)	(18)	(19)	(15)	(35)	(31)

Real Estate Operations

Thirty-eight ski areas (32 percent) responding are engaged in some land development. Interestingly, a larger proportion of eastern and midwestern areas than western areas report land development activity. See Table 12.

TABLE 12
REAL ESTATE OPERATIONS

	1982-83		1981-82	1980-81
	Number	%	%	%
Engaged in Land Development				
First Home Residential Sites	15	12.7%	- %	- %
First Homes	7	5.9	-	-
Second Home Residential Sites	27	22.9	25.2	28.9
Second Homes	10	8.5	8.7	10.7
Condominium Sites	26	22.0	24.3	26.5
Condominiums	18	15.3	18.3	19.0
Commercial Sites	15	12.7	14.8	14.9
Commercial Buildings	8	6.8	9.6	10.7
Not Engaged in Land Development	78	66.1	63.5	59.5
No Answer	2	1.7	-	1.7
Base	(118)		(115)	(121)

Operational Characteristics

Years in Operation

The average ski area respondent has been operating for 24 years. Table 13 summarizes ski area age. Six new areas (5.1 percent) have opened within the last five years.

TABLE 13
NUMBER OF YEARS SKI AREAS HAVE BEEN IN OPERATION

Years of Operation	1982-83		1981-82		1980-81	
	Number	%	Number	%	Number	%
1 - 5 years	6	5.1%	9	7.8%	7	5.8%
6 - 10 years	4	3.4	9	7.8	11	9.1
11 - 15 years	12	10.2	8	7.0	15	12.4
16 - 20 years	23	19.5	22	19.1	27	22.3
21 - 25 years	24	20.3	28	24.3	15	12.4
26 - 30 years	16	13.6	11	9.6	16	13.2
31 - 35 years	7	5.9	9	7.8	12	9.9
35 - 40 years	7	5.9	{ 19	{ 16.5	{ 18	{ 14.9
Over 40 years	19	16.1				
	118	100.0%	115	99.9%	121	100.0%

Length of Season

The length of the ski season is generally expressed in number of days/nights of operations and is one of the most critical variables in the success of ski areas. When so high a proportion of costs are fixed (i.e., depreciation, interest, property taxes, and management take some 47 percent of total costs) the longer the season the more opportunity to spread these over a greater revenue base.

The 1976-77 survey contained an upgrading of this vital statistic. Respondents were asked to provide their summary of daily operation in four categories: number of days at full operation, number of days with less than full but more than one-half of your mountain open and skiable, number of days with less than half of your mountain open and skiable, and the number of nights of operation. These breakdowns allowed the calculation of "equivalent" days of operation by weighting each response. Equivalent days of operation is the best estimate of the number of equivalent days that the ski area was fully open and skiable, a more accurate measure of capacity.

The past surveys contained an added adjustment to allow for the generally smaller night operations. Nights of operation were adjusted by the proportion of the ski area covered by lights and thus open for night skiing. In general, those ski areas with night skiing (38 percent) report night skiing capacity at 55 percent of day capacity. Thus, while the average ski area with lights was open 58 nights, this amounts to only 32 "equivalent days/nights" of full capacity operation.

Table 14 summarizes the various results. Table 15 illustrates the wide variation in actual equivalent operating days. The average ski area had an equivalent season that was 94 percent of actual days open (117 days divided by 124 days).

TABLE 14
DAYS/NIGHTS OF OPERATION

	Equivalent 1982-83		Equivalent 1981-82		Equivalent 1980-81	
	Number	%	Number	%	Number	%
Less than 80	24	20.3%	7	6.1%	39	32.2%
80 - 99	20	16.9	10	8.7	21	17.4
100 - 119	17	14.4	29	25.2	24	19.8
120 - 139	26	22.0	32	27.8	22	18.2
140 - 159	12	10.2	19	16.5	8	6.6
160 and Over	19	16.1	18	15.7	7	5.8
	118	99.9%	115	100.0%	121	100.0%

Again, length of season is somewhat positively correlated with profitability as the top half of the profitable areas had a season, based on equivalent days, that was 34 percent greater than the loss areas. Pacific Northwest ski areas had the longest season, averaging 160 equivalent days/nights (up from last year's 147 days/nights), while New England again had the shortest, 76 days/nights (much lower than their 121 days/nights of last year).

TABLE 15

ACTUAL VS. EQUIVALENT DAYS OF OPERATIONS, 1982-83

	Equivalent Days/Nights ^a of Full Operation	Days of Full Operation (100%)	Days of More Than Half (75%)	Days of Less Than Half (25%)	Total Actual Days Open	Nights of Operation (38%)
Average Ski Area	117	80	27	17	124	58
USFS Permittees	139	108	25	13	146	86
Profitability:						
Top	137	106	24	13	143	77
Bottom	113	68	31	23	122	56
Loss	102	67	28	16	110	49
Location:						
New England	76	31	40	37	108	53
East and Ontario	80	28	34	30	92	42
Midwest	99	51	20	11	82	45
Central Rockies	128	111	17	8	136	79
Northern Rockies	138	115	19	1	134	94
California/Nevada	150	124	25	12	161	72
Pacific Northwest	160	106	39	12	157	84
Type:						
Day	115	75	23	12	110	58
Weekend	111	66	40	20	126	56
Vacation	128	101	25	25	152	57
Weekend Only	43	39	6	0	45	0

^aThis figure is the sum of days, open at various capacities, plus nights of operation.

Ski Area Capacity

The calculation of ski area capacity is a matter of judgment. The 1975-76 study attempted to establish capacity parameters in several ways in order to test various concepts. This procedure has been used in all surveys since. Total lift VTF/hour is used. Ski area operators were also asked to provide their peak day crowd count plus their estimate of their "comfortable" crowd.

The results are tabulated in Table 16. The "calculated capacity" column is based on an assumed average hourly demand in VTF/hour. This assumption is similar to the past studies and is based on the observation that skiers demand different amounts of skiing based upon their ability level, and further that this demand varies from ski area to ski area and region to region. The demand used to approximate regional experience is:

<u>Geographic Region</u>	<u>Approximate Demand</u>
New England	1,500 VTF/hour
East	1,500 VTF/hour
Midwest	1,000 VTF/hour
Rockies	2,000 VTF/hour
West	1,500 VTF/hour

TABLE 16
MEASURES OF SKI AREA CAPACITY

	Peak Day Crowd	Comfortable Crowd	Calculated Capacity	Peak Crowd As % of Calculated Capacity	Comfortable Crowd As % of Calculated Capacity
Total Sample	4,166	4,114	3,841	108%	107%
USFS Permittees	4,713	4,399	4,392	107	100
Profitability:					
Top	5,621	5,240	4,984	113	105
Bottom	3,743	3,768	3,498	107	108
Loss	3,308	3,466	3,175	104	109
Location:					
New England	4,484	4,249	4,095	109	104
East	3,441	3,568	2,410	143	148
Midwest	2,022	2,187	2,094	97	104
Central Rockies	4,796	4,739	4,272	112	111
Northern Rockies	3,597	3,495	3,227	111	108
California/Nevada	5,361	5,493	5,582	96	98
Pacific Northwest	5,011	4,510	4,986	101	91
Type:					
Day	2,900	2,871	2,386	122	120
Weekend	3,862	3,813	3,800	102	100
Vacation	6,802	6,647	6,609	103	101
Weekend Only	2,628	3,575	2,260	116	158

An analysis of Table 16 indicates that these assumptions are in general harmony with ski area operator estimates.

The calculated figures have been used in this study to compute season capacity and determine utilization. The average peak day crowds are 108 percent of calculated capacity and 107 percent of ski area operators' estimated comfortable capacity.

Skier Visits

Skier visits is the physical measure of use. Table 17 summarizes skier visits reported over the past four ski seasons.

TABLE 17
SKIERS VISITS/SEASON

Skier Visits (000)	1982-83		1981-82	1980-81	1979-80
	Number	%	%	%	%
0 - 24.9	11	9.3%	8.7%	14.9%	13.0%
25 - 49.9	11	9.3	7.0	14.1	12.2
50 - 99.9	25	21.2	20.9	20.7	22.1
100 - 199.9	33	28.0	27.8	25.6	22.1
200 - 499.9	27	22.9	26.1	19.0	23.7
500+	11	9.3	9.6	5.8	6.9
	118	100.0%	100.1%	100.1%	100.0%
Average Skier Visits (000)	194		207	151	178

Growth

The last six surveys contain a measure of growth. For the seventh time, the respondents were asked for their skier visit count over the past five years. This year, for the first time, respondents were asked for a separate count of day and night skiers. Table 18 summarizes those results and Table 18A provides day and night utilization figures.

TABLE 18
GROWTH IN USAGE

	Base	Skier Visits ^a				
		1982-83 (000)	1981-82 (000)	1980-81 (000)	1979-80 (000)	1978-79 (000)
		Total				
Total Sample	(118)	194	205	152	189	190
USFS Permittees	(59)	253	248	177	250	239
By Profitability:						
Top Half	(37)	298	288	205	288	279
Bottom Half	(36)	157	170	129	150	147
Loss	(45)	138	166	127	138	151
By Geographic Region:						
New England	(18)	152	210	147	114	174
East	(19)	117	146	130	120	116
Midwest	(15)	61	76	73	79	94
Central Rockies	(23)	309	283	201	301	271
Northern Rockies	(12)	187	160	129	167	167
California/Nevada	(18)	275	290	217	280	281
Pacific Northwest	(13)	213	219	128	205	171
By Type:						
Day	(58)	103	118	88	111	120
Weekend	(26)	174	197	142	156	156
Vacation	(32)	385	372	283	364	341
Weekend Only	(2)	49	55	20	41	77

TABLE 18 (Continued)

GROWTH IN USAGE

		Skier Visits ^a				
	Base	1982-83 (000)	1981-82 (000)	1980-81 (000)	1979-80 (000)	1978-79 (000)
Day						
Total Sample	(111)	191	200	149	187	186
USFS Permittees	(58)	247	241	177	242	231
By Profitability:						
Top Half	(37)	287	276	198	275	266
Bottom Half	(33)	151	162	125	146	142
Loss	(41)	136	163	124	136	140
By Geographic Region:						
New England	(18)	146	202	141	114	168
East	(17)	97	125	108	99	77
Midwest	(11)	41	50	51	52	57
Central Rockies	(23)	308	282	200	300	276
Northern Rockies	(12)	179	154	125	159	166
California/Nevada	(17)	283	298	222	289	289
Pacific Northwest	(13)	188	189	124	169	138
By Type:						
Day	(52)	89	100	74	92	99
Weekend	(25)	170	193	138	158	147
Vacation	(32)	382	368	281	362	339
Weekend Only	(2)	49	55	20	41	77
Night						
Total Sample	(39)	30	34	25	36	36
USFS Permittees	(12)	37	41	21	51	47
By Profitability:						
Top Half	(10)	41	49	28	55	48
Bottom Half	(15)	31	33	24	29	29
Loss	(14)	20	26	21	29	35
By Geographic Region:						
New England	(3)	36	43	31	38	40
East	(12)	32	36	30	30	28
Midwest	(9)	21	25	19	26	30
Central Rockies	(1)	21	16	16	28	22
Northern Rockies	(5)	18	16	10	18	22
California/Nevada	(3)	8	14	17	20	19
Pacific Northwest	(7)	47	56	26	67	61
By Type:						
Day	(26)	33	41	29	46	47
Weekend	(8)	24	25	17	18	16
Vacation	(5)	20	20	13	16	15
Weekend Only	(0)	-	-	-	-	-

^aDay Skier Visits plus Night Skier Visits will not equal the Total Skier Visits because not all areas provided a day/night breakdown. Night skier visits are only for those areas operating at night who could provide break between day and night skier visits.

TABLE 18A
DAY/NIGHT UTILIZATION

Type Area	Days				Nights			
	Skier Visits (000)	Season Capac- ity (000)	Utili- zation %	Base	Skier Visits (000)	Season Capac- ity (000)	Utili- zation %	Base
All Areas	191	474	40.30%	(111)	30	119	25.21%	(39)
USFS Permittees	247	623	39.65	(58)	37	210	17.62	(12)
By Profitability:								
Top Half	287	675	42.52	(37)	41	192	21.35	(10)
Bottom Half	151	386	39.12	(33)	31	109	28.44	(15)
Loss	136	379	35.88	(41)	20	87	23.00	(14)
By Size VTF/Hr (000s):								
Under 2,500	33	84	39.29	(27)	18	61	29.51	(14)
2,500 - 3,999	80	191	41.88	(25)	32	112	28.57	(10)
4,000 - 5,499	118	333	35.44	(16)	27	143	18.88	(5)
5,500 - 9,999	224	580	38.62	(22)	50	207	24.15	(6)
10,000 +	547	1,404	38.96	(21)	37	217	17.05	(4)
By Region:								
New England	146	364	40.11	(18)	36	88	40.91	(3)
East	97	154	62.99	(17)	32	90	35.56	(12)
Midwest	41	162	25.31	(11)	21	90	23.33	(9)
Central Rockies	308	555	55.50	(23)	21	142	14.79	(1)
Northern Rockies	179	451	39.69	(12)	18	80	22.50	(5)
California/Nevada	283	913	31.00	(17)	8	146	5.48	(3)
Pacific Northwest	188	726	25.90	(13)	47	281	16.73	(7)
By Type:								
Day	89	258	34.50	(52)	33	140	23.57	(26)
Weekend	170	491	34.62	(25)	24	79	30.38	(8)
Vacation	382	875	43.66	(32)	20	62	32.26	(5)
Weekend Only	49	98	50.00	(2)	-	-	-	(0)
Season Length:								
Less than 80 days	28	70	40.00	(14)	11	33	33.33	(7)
80 - 99 days	64	142	45.07	(21)	29	105	27.62	(14)
100 - 119 days	110	212	51.89	(12)	50	119	42.02	(4)
120 - 139 days	216	488	44.26	(19)	40	370	10.81	(2)
140 - 159 days	270	638	42.32	(24)	43	183	23.50	(8)
160 +	361	1,122	32.20	(21)	14	142	9.86	(4)
Areas with Night Skiing	118	292	40.41	(38)	30	119	25.21	(38)
All Areas with Snowmaking	192	411	46.72	(74)	27	100	27.00	(28)
New England	152	383	39.69	(17)	36	88	40.91	(3)
East & Midwest	81	165	49.09	(26)	29	93	31.18	(20)
Rockies & West	306	680	45.00	(31)	12	141	8.51	(5)

The average area reported a decline of 5 percent in skier visits in 1982-83. Although 1982-83 was a bad year compared with 1981-82, it was better than 1980-81, 1979-80, and 1978-79.

The New England, East, and Midwest areas experienced severe decreases in skier visits, while the Rockies areas reported increases and the West and Pacific Northwest areas had small declines.

Since respondents were asked to provide a breakdown of skier visits into day and night skier visits it was possible to calculate day and night utilization for the first time. This information is reported in Table 18A. The average area reporting day skier visits had a 40.3 percent utilization, while the average area reporting night skier visits showed a 25.2 percent utilization. This compares to an overall utilization of 38.1 percent for the average area.

Economic Characteristics

Ski Lift Prices

Respondents were asked to list their adult weekday and weekend all day lift ticket prices. These are typically the highest prices quoted because there are discounts for students, children, military, 3, 5 and 7 day packages, promotions, races and senior citizens. The last six studies also include pricing questions concerning night ticket rates and season pass rates. This year, for the first time, respondents also provided weekday and weekend night ticket prices. Table 19 summarizes these prices and compares prices with actual average lift ticket revenue per skier visit.

TABLE 19
SKI LIFT TICKET PRICES AND
AVERAGE LIFT TICKET REVENUE/SKIER VISIT

	1982-83	1981-82	1980-81	1979-80
Ski Lift Ticket Price:				
Day Weekend	\$16.43	\$15.60	\$13.81	\$12.05
Day Weekday	14.89	14.29	12.46	10.60
Night Weekend	9.01	8.42	6.83	6.94
Night Weekday	8.47			
Season Pass	324.86	327.00	275.46	236.00
Average Ski Lift Ticket Revenue/S-V	12.90	12.46	10.91	9.25
Realized Revenue Vs. Weekend Price	78.5%	79.9%	79.0%	76.8%

Table 20 illustrates the range of ski lift ticket prices. Prices ranged from a low of \$9.00 to a high of \$24.00.

TABLE 20
ADULT, ALL DAY WEEKEND, SKI LIFT TICKET PRICES

Ticket Price	1982-83		1981-82	1980-81	1979-80	1978-79
	Number	%	%	%	%	%
Less than \$10	3	2.5%	0.9%	5.8%	19.1%	32.3%
\$10.00 - 11.99	6	5.1	9.6	12.4	24.4	29.8
\$12.00 - 13.99	11	9.3	13.0	23.1	29.8	24.2
\$14.00 - 15.99	30	25.4	28.7	32.2	17.6	10.5
\$16.00 - 17.99	23	19.5	18.3	14.9	7.6	3.2
\$18.00 - 19.99	24	20.3	19.1	9.9	1.5	-
\$20.00 - 21.99	10	8.5	6.1	1.7	-	-
\$22.00 - 23.99	9	7.6	4.4	-	-	-
\$24 and over	2	1.7	-	-	-	-
	118	99.9%	100.1%	100.0%	100.0%	100.0%

Profits

Fifty-five (47 percent) of the 118 ski areas reported profits in 1982-83. Chapter V provides a complete analysis of profitability and its probable causes. Table 21 summarizes dollar returns.

TABLE 21
DOLLARS OF PROFIT (BEFORE TAX)

Profit (000)	1982-83		1981-82	1980-81	1979-80	1978-79
	Number	%	%	%	%	%
Loss	63	53.4%	30.4%	54.5%	42.0%	26.6%
\$0 - 24.9	6	5.1	4.4	1.7	4.6	9.7
\$25 - 49.9	3	2.5	1.7	7.4	5.3	7.3
\$50 - 99.9	6	5.1	4.4	2.5	6.9	8.9
\$100 - 149.9	3	2.5	7.8	5.8	9.2	3.2
\$150 - 249.9	4	3.4	12.2	4.1	5.3	9.7
\$250 - 349.9	8	6.8	5.2	6.6	2.3	5.6
\$350 - 999.9	12	10.2	15.7	8.3	11.5	17.7
\$1,000 - 1,999.9	6	5.1	9.6	5.8	7.6	5.6
\$2,000 - 9,999.9	7	5.9	7.0	{ 3.3	{ 5.3	{ 5.6
\$10,000+	0	0.0	1.7			
	118	100.0%	100.1%	100.0%	100.0%	99.9%

Non-Skiing Activities

Table 22 summarizes the variety and extent of other recreational activities offered at ski areas and describes the activities that are offered near the ski area. Ski touring is the most prevalent activity at the area and nearby. Tennis and swimming follow at the area, while golf ranks second nearby.

TABLE 22
OTHER ACTIVITIES AVAILABLE AT SKI AREAS AND NEARBY

Activity	Total Sample	Day	Weekend	Vacation
Areas Offering Activity				
Toboggans/sleds	2.6%	5.3%	0.0%	0.0%
Ice skating	12.3	7.3	3.8	28.1
Snowmobiles	3.5	0.0	8.0	6.3
Ski touring	55.3	41.8	64.0	75.0
Golf	19.3	7.3	20.0	40.6
Tennis	32.5	14.5	32.0	65.6
Swimming	32.5	10.9	40.0	65.6
Water sports	7.9	3.6	12.0	12.5
Activity Offered Nearby				
Toboggans/sleds	44.6%	42.0%	50.0%	0.0%
Ice skating	63.6	45.8	84.0	28.1
Snowmobiles	71.8	60.8	84.0	6.3
Ski touring	83.8	75.5	88.0	75.0
Golf	79.6	73.5	87.5	40.6
Tennis	78.4	66.7	91.7	65.6
Swimming	77.6	65.3	95.8	65.6
Water sports	60.6	49.0	79.2	12.5

III

SKI AREA FINANCIAL DATA

Introduction

Each ski area was asked to provide the following financial data on their 1982-83 season: (1) income statement, (2) departmental revenue and expense, and (3) balance sheet. From this information average area financial statements were developed to measure the industry's financial performance. The data summarized here for the 1982-83 season represents 118 ski areas that provided complete usable data representing 12 months of income and expenses. These 118 areas represent an increase from the 115 completely usable questionnaires for 1981-82.

The 118 ski areas represent approximately 50 percent of the ski area capacity in North America. If this relationship were to hold for the balance of the capacity, then the ski area business in the United States has an investment of some \$1.8 billion, processes revenues of \$1,041 million, and has an annual payroll of \$241 million.

This chapter first presents the average income statement (Table 23) and the average area lift and revenue expense statement (Table 24) in the traditional format of previous reports. This is followed by an extensive analysis of the income statement in a non-traditional way which the authors believe will be more meaningful to ski area operators. Readers will note that the data are the same except for the revenue figure which has been adjusted because of concession operations to make the data more comparable. Also, this more extensive analysis includes a separate column on the 59 areas in the study operating with a USFS permit.

Average Ski Area Income Statements

Table 25 is the composite-average income statement referred to above. The format is somewhat non-typical due to the varying practices of ski area operators. Total revenue is the total of gross lift department revenue plus gross margin or contributions from all other departments. It is believed that in this manner one can more fairly combine ski areas that have only some of the supporting operations with those who concession them, and thus report only net concession revenue, and those who operate their own schools, shops, restaurants, and real estate business. Details of these supporting operations may be found in Chapter VI.

Table 26 is a summary of gross revenue, concession revenue and direct operating costs. It is included to illustrate how the supporting margins were calculated. The breakdowns shown in Chapter VI are much more accurate for illustrating typical departmental cash flows, since Table 26 includes all areas in the average including those who do not operate such a department. While they are statistically accurate they are non-typical.

TABLE 23
AVERAGE AREA INCOME STATEMENT (000)

	1982-83 Total	1982-83 Season Percent	1981-82 Total	1981-82 Season Percent	1980-81 Season Percent	1979-80 Season Percent
Revenue	\$4,439	100.0%	\$4,801	100.0%	100.0%	100.0%
Direct Expense						
Direct Labor ^a	\$1,025	23.0%	\$1,035	21.6%	22.7%	22.2%
Other Direct Expenses ^b	<u>1,321</u>	<u>29.8</u>	<u>1,348</u>	<u>28.1</u>	<u>34.2</u>	<u>29.8</u>
Total Direct Expenses	\$2,346	52.8%	\$2,383	49.7%	56.9%	52.0%
Gross Margin	\$2,093	47.2%	\$2,418	50.3%	43.1%	48.0%
Other Expenses						
General & Administrative	\$ 595	13.4%	\$ 478	10.0%	10.8%	9.5%
Marketing	203	4.6	192	4.0	4.4	4.0
Insurance	112	2.5	98	2.0	2.7	3.1
Forest Service Fees	64	1.4	58	1.2	1.3	1.5
Private Land Rental	20	0.4	16	0.3	0.4	0.6
Property & Other Taxes	118	2.7	105	2.2	1.9	1.7
Interest	300	6.8	307	6.4	6.2	5.5
Depreciation	511	11.5	427	8.9	10.6	9.2
Miscellaneous Expense	<u>27</u>	<u>0.6</u>	<u>58</u>	<u>1.2</u>	<u>1.3</u>	<u>0.8</u>
Total Other Expense	\$1,950	43.9%	\$1,739	36.2%	39.5%	35.9%
Pre-Tax Profit (Loss)	\$ 143	3.2%	\$ 679	14.1%	3.6%	12.1%
Base	(118)		(115)		(121)	(131)

^aIncludes direct labor and snowmaking labor.

^bIncludes cost of goods sold, payroll taxes, property operations, snow removal, snowmaking (except labor) and other direct.

TABLE 24
AVERAGE AREA LIFT REVENUE AND EXPENSE (000)

	1982-83 Total	1982-83 Season Percent	1981-82 Total	1981-82 Season Percent	1980-81 Season Percent	1979-80 Season Percent
Lift Revenue						
Winter	\$2,502	99.1%	\$2,580	98.8%	98.5%	99.2%
Summer	22	0.9	32	1.2	1.5	.8
Total	<u>\$2,524</u>	<u>100.0%</u>	<u>\$2,612</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Lift Expense						
Direct Labor (Winter) ^a						
Lift	\$ 161	6.4%	\$ 169	6.5%	7.4%	6.6%
Ski Patrol	82	3.2	84	3.2	3.6	3.1
Slope Maintenance	61	2.4	66	2.5	2.5	2.1
Maintenance & Repair	100	4.0	97	3.7	4.4	3.7
Ticket Sales	37	1.5	38	1.5	1.4	1.3
Other	31	1.2	41	1.6	2.0	1.6
Total (Winter)	<u>\$ 472</u>	<u>18.7%</u>	<u>\$ 495</u>	<u>19.0%</u>	<u>21.2%</u>	<u>18.4</u>
Direct Labor (Summer)	\$ 12	0.5%	\$ 12	0.5%	0.6%	0.3%
Other Direct Expense	\$ 224	8.9%	\$ 269	10.2%	12.4%	11.4%
Gross Margin - Lifts	\$1,816	71.9%	\$1,836	70.3%	65.8%	69.9%
Base	(118)		(115)		(121)	(131)

^aDoes not include payroll taxes.

TABLE 25
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT

	1982-83 Total (000)	1981-82 Total (000)	% Change	USFS Permittees	Your Ski Area
Gross Fixed Assets	\$7,706	\$6,740	14.3%	\$9,174	\$_____
Revenue:					
Ski Lift Gross - Winter	\$2,502	\$2,581		\$3,349	\$_____
Ski Lift Gross - Summer	22	32		34	_____
Supporting Margin - Winter	456	453		507	_____
Supporting Margin - Summer	40	68		21	_____
Year Round Margin	<u>236</u>	<u>461</u>		<u>330</u>	_____
TOTAL REVENUE	\$3,256	\$3,595	(9.4%)	\$4,241	\$_____
Less:					
Ski Lift Direct Expense	\$ 708	\$ 777		\$ 958	\$_____
Payroll Taxes	111	113		127	_____
Property Operation	<u>218</u>	<u>169</u>		<u>216</u>	_____
OPERATIONS MARGIN	\$2,219	\$2,536	(12.5%)	\$2,940	\$_____
Less:					
General & Administrative	\$ 595	\$ 478		\$ 795	\$_____
Marketing (advertising, public relations, promotion, etc.)	203	192		224	_____
Insurance (property, liability)	112	98		145	_____
Land Use Fees (public)	64	58		105	_____
Land Use Fees (private)	20	16		16	_____
Property Taxes	62	54		80	_____
Other Taxes (except income)	56	51		80	_____
Snowmaking	114	106		75	_____
Snow Removal	12	12		17	_____
Miscellaneous	27	58		35	_____
Depreciation & Amortization	<u>511</u>	<u>427</u>		<u>662</u>	_____
OPERATING PROFIT (LOSS)	\$ 443	\$ 986	(55.1%)	\$ 706	\$_____
Less: Interest	<u>300</u>	<u>307</u>		<u>338</u>	_____
PROFIT (LOSS) BEFORE TAX	\$ 143	\$ 679	(78.9%)	\$ 368	\$_____
Base	(118)	(115)		(59)	

TABLE 26
AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
1982-83

	Plus:		Less:			Equals:
	Gross Sales (000)	Concession Revenue (000)	Cost of Goods Sold (000)	Direct Labor (000)	Direct Other (000)	Gross Margin (000)
WINTER SEASON						
Ski Lift Department	\$2,502	\$ -	\$ -	\$ 472	\$ 215	\$1,815
Ski School	263	1	-	156	17	91
Food Service	368	16	129	106	35	114
Bar	83	6	23	14	7	45
Retail	146	10	83	17	4	52
Rental	150	9	24 ^a	32	10	93
Accommodations	118	1	-	36	45	38
Other	72	3	3	34	15	23
Sub-total	\$3,702	\$ 46	\$ 262	\$ 867	\$ 348	\$2,271
YEAR-ROUND						
Real Estate	\$ 347	\$ 0	\$ 122	\$ 26	\$ 35	\$ 164
Utility	18	0	-	6	18	(6)
Miscellaneous	121	1	12	19	13	78
Sub-total	\$ 486	\$ 1	\$ 134	\$ 51	\$ 66	\$ 236
SUMMER SEASON						
Lift Department	\$ 22	\$ -	\$ -	\$ 12	\$ 9	\$ 1
Food Service	65	1	26	26	10	4
Retail	15	1	9	3	1	3
Sports	24	0	-	12	10	2
Accommodations	40	0	-	15	16	9
Slide	32	0	-	7	3	22
Sub-total	\$ 198	\$ 2	\$ 35	\$ 75	\$ 49	\$ 41
TOTALS	\$4,386	\$ 49	\$ 431	\$ 993	\$ 463	\$2,548
Base	(118)	(118)	(118)	(118)	(118)	(118)

^aRepresents retirement and replacement of rental equipment.

This format also differs slightly by showing an "operating profit (loss)" before subtracting interest expense. It is believed that this figure compared to gross fixed assets is one of the best overall measures of industry profitability. Interest expense varies from zero to \$3.3 million, and while it is a critical and significant cost of doing business it is also viewed as a part of the cost of capital. Some areas are subsidiaries of larger corporations, some beneficiaries of public funding, and many carry an added burden of past operating losses. A fair assessment of current operations requires both an analysis of before tax and before interest return on GFA, and profit as a percent of equity.

Tables 27 and 28 provide comparisons between expenses, revenues and investment (Gross Fixed Assets). One generally uniform factor involves the depreciation to Gross Fixed Assets of around 7 percent, or 15 years average life.

Revenue

Average revenue was down 9.4 percent. A check of the 1982-83 results using the revenue to GFA vs. utilization rule developed in the 1974-75 report shows the following:

	<u>Total Revenue to GFA</u>		<u>Percent Utilization</u>		<u>Factor</u>	<u>Judgment</u>
All Ski Areas	42%	÷	38%	=	1.11	Good
Top Half Profit	58%	÷	42%	=	1.38	Excellent
Bottom Half Profit	40%	÷	37%	=	1.08	Good
Loss	28%	÷	34%	=	.82	Poor

This rule of thumb measure summarizes all of the critical economic variables (capacity, utilization, length of season, revenue per skier visit) and relates them to investment. When the revenue/GFA ratio exceeds utilization, the various factors are in balance. When utilization exceeds the revenue/GFA ratio one or more factors are impairing a ski area's ability to make profits commensurate with the risks. This factor analysis is derived from the income potential to capital cost (GFA) ratio used to evaluate the conceptual feasibility of a new or expanded ski area.

TABLE 27
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
PERCENT OF REVENUE

	1982-83 Total	1981-82 Total	1982-83 USFS Permittees	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	76.84%	71.80%	78.97%	_____ %
Ski Lift Gross - Summer	0.68	0.89	0.80	_____
Supporting Margin - Winter	14.00	12.60	11.95	_____
Supporting Margin - Summer	1.23	1.89	0.50	_____
Year Round Margin	<u>7.25</u>	<u>12.82</u>	<u>7.78</u>	_____
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%
Less:				
Ski Lift Direct Expense	21.74%	21.61%	22.59%	_____ %
Payroll Taxes	3.41	3.14	2.99	_____
Property Operation	<u>6.70</u>	<u>4.70</u>	<u>5.10</u>	_____
OPERATIONS MARGIN	68.15%	70.55%	69.32%	_____ %
Less:				
General & Administrative	18.27%	13.30%	18.75%	_____ %
Marketing (advertising, public relations, promotion, etc.)	6.23	5.34	5.28	_____
Insurance (property, liability)	3.44	2.73	3.42	_____
Land Use Fees (public)	1.97	1.61	2.48	_____
Land Use Fees (private)	0.61	0.45	0.38	_____
Property Taxes	1.90	1.50	1.87	_____
Other Taxes (except income)	1.72	1.42	1.87	_____
Snowmaking	3.50	2.95	1.77	_____
Snow Removal	0.37	0.33	0.40	_____
Miscellaneous	0.84	1.61	0.84	_____
Depreciation & Amortization	<u>15.70</u>	<u>11.88</u>	<u>15.61</u>	_____
OPERATING PROFIT (LOSS)	13.60%	27.43%	16.65%	_____ %
Less: Interest	<u>9.21</u>	<u>8.54</u>	<u>7.97</u>	_____
PROFIT (LOSS) BEFORE TAX	4.39%	18.89%	8.68%	_____ %
Base	(118)	(115)	(59)	

TABLE 28
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
PERCENT OF GROSS FIXED ASSETS

	1982-83 Total	1981-82 Total	1982-83 USFS Permittees	Your Ski Area
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%
Revenue:				
Ski Lift Gross - Winter	32.47%	38.29%	36.51%	_____ %
Ski Lift Gross - Summer	0.28	0.47	0.37	_____
Supporting Margin - Winter	5.92	6.72	5.53	_____
Supporting Margin - Summer	0.52	1.02	0.23	_____
Year Round Margin	<u>3.06</u>	<u>6.84</u>	<u>3.59</u>	_____
TOTAL REVENUE	42.25%	53.34%	46.23%	_____ %
Less:				
Ski Lift Direct Expense	9.19%	11.53%	10.44%	_____ %
Payroll Taxes	1.44	1.68	1.38	_____
Property Operation	<u>2.82</u>	<u>2.50</u>	<u>2.36</u>	_____
OPERATIONS MARGIN	28.80%	37.63%	32.05%	_____ %
Less:				
General & Administrative	7.72%	7.09%	8.67%	_____ %
Marketing (advertising, public relations, promotion, etc.)	2.63	2.85	2.44	_____
Insurance (property, liability)	1.45	1.45	1.58	_____
Land Use Fees (public)	0.83	0.86	1.14	_____
Land Use Fees (private)	0.26	0.24	0.17	_____
Property Taxes	0.80	0.81	0.87	_____
Other Taxes (except income)	0.73	0.76	0.87	_____
Snowmaking	1.48	1.57	0.82	_____
Snow Removal	0.16	0.18	0.19	_____
Miscellaneous	0.36	0.86	0.38	_____
Depreciation & Amortization	<u>6.63</u>	<u>6.32</u>	<u>7.22</u>	_____
OPERATING PROFIT (LOSS)	5.75%	14.62%	7.70%	_____ %
Less: Interest	<u>3.89</u>	<u>4.55</u>	<u>3.69</u>	_____
PROFIT (LOSS) BEFORE TAX	1.86%	10.07%	4.01%	_____ %
Base	(118)	(115)	(59)	

The 1982-83 ratio of revenue to GFA (42 percent) decreased substantially from the 1981-82 figure (53 percent), and was only slightly above the 1980-81 figure (40 percent). This subject is discussed in more detail in Chapter V.

Expenses

Direct operating expenses were down 2 percent, but revenues decreased over 9 percent, so the operating margin decreased over 12 percent.

Balance Sheet

Balance sheet data is summarized in Table 29. The basic balance sheet data remained unchanged. Working capital is adequate and the current ratio is an adequate 1.0/1.

Table 30 summarizes the traditional measures of business health.

TABLE 29
AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET

	1982-83 (000)	Total Percent	1981-82 (000)	Total Percent	USFS Permittees (000)
<u>Assets</u>					
Current Assets	\$1,047	13.34%	\$ 975	15.4%	\$1,332
Gross Fixed Assets	7,923	100.94	6,203	97.7	9,174
Less: Depreciation	(2,590)	(33.00)	(2,075)	(32.7)	(2,984)
Other Assets	<u>1,469</u>	<u>18.72</u>	<u>\$1,243</u>	<u>19.6%</u>	<u>2,013</u>
TOTAL ASSETS	\$7,849	100.00%	\$6,346	100.0%	\$9,535
<u>Liabilities & Net Worth</u>					
Current Liabilities	\$1,023	13.03%	\$ 805	12.6%	\$1,226
Long-Term Debt	2,434	31.01	1,782	28.1	2,775
Subordinated Debt	620	7.90	303	4.8	601
Deferred Taxes	144	1.83	80	1.3	172
Other Liabilities	237	3.03	263	4.1	275
Net Worth					
Invested	1,953	24.88	2,053	32.4	2,661
Retained Earnings	<u>1,438</u>	<u>18.32</u>	<u>1,060</u>	<u>16.7</u>	<u>1,825</u>
TOTAL LIABILITIES & NET WORTH	\$7,849	100.0%	\$6,346	100.0%	\$9,535
	(113)		(110)		(59)

TABLE 30
BALANCE SHEET RATIOS

	1982-83	1981-82	1980-81	1979-80
Net Working Capital (000)	\$ 24	\$170	\$ 71	\$136
Current Ratio	1.0/1	1.2/1	1.1/1	1.2/1
Percent Debt	57%	51%	56%	54%
Percent Equity	43%	49%	44%	46%
Debt to Cash Flow	4.7X	1.9X	4.5X	2.6X

U.S. Forest Service Permittees

Again, the 1982-83 study contained a separate computer run for the 59 ski areas operating with a USFS special use permit.

The average profile differs mainly in geographic location, size and length of season. The economic characteristics and financial performance indicators are remarkably similar to other areas. USFS permittees are found mainly in the Rockies and the West, and they are more heavily represented among the vacation destination ski areas at some distance from population centers.

IV

ECONOMIC RATIOS

The 1973-74 study introduced the economic ratios contained in this chapter. The objective was to identify and summarize three measures of profitability and five critical variables that help to explain performance.

The reader is again cautioned to review the precise definitions of terms contained in Appendix C. There are a myriad of different methods of measuring profitability and performance. These eight critical economic ratios were developed over the past 21 years by Ted Farwell, a member of the NSAA Economic Study Committee. They are not purported to be the only system, but rather to be one simple method of analyzing operating results.

Table 31 summarizes the eight critical ratios and illustrates the data required to construct each ratio. The source of these figures are Tables 25 and 29. There are similar tables in the subsequent chapters presenting the eight critical variables divided by various meaningful categories of profitability, geographic region, size, type, days of operation, and snowmaking and night operations.

How to Calculate the Ratios

1. Debt to cash flow is a rough measure of the number of years that will be required at this cash flow to retire debt. This ratio is calculated by dividing the total long-term debt (M) (not including current liabilities) by the before-tax cash flow (I). Before-tax cash flow is calculated by adding back the non-cash expense of depreciation (H) to the profit (loss) before tax (G).
2. Operating profit on GFA is, in our opinion, the major ratio to describe profitability. Since it is a ratio before financing costs it allows for the comparison of operating results between areas with conservative management and minimum debt, and those with maximum leverage. It also eliminates the swings in profitability occasioned by the accumulation of several years of losses into the balance sheet. This ratio is calculated by dividing the operating profit (J) by gross fixed assets (L). Operating profit is calculated before interest expense.
3. Profit (before tax) on equity is the second measure of profitability and is the closest one can come to the traditional "return on equity" measure of business profitability. Traditional measures are in "after tax" returns. However, two characteristics of the ski industry make after tax calculations next to meaningless.

TABLE 31

ECONOMIC RATIOS

	Construction Key	Total 1982-83	Total 1981-82	Percent Change	USFS Permittees	Your Ski Area
VTF/Hour (000)	A	6,207	6,159		7,575	
VTF/Hour - Demand/Skier Capacity	B	1,616	1,632		1,725	
Skier Capacity	C	3,841	3,773		4,392	
Days/Nights of Operation	D	117	130		139	
Season Capacity (000)	E	509	521		657	
Actual Skier Visits (000)	F	194	207	- 6.28%	253	
Profit (Loss) Before Tax (000)	G	\$ 143	\$ 679	-78.94%	\$ 368	\$
Plus: Depreciation (000)	H	\$ 511	\$ 427		\$ 662	\$
Before Tax Cash Flow (000)	I	\$ 654	\$1,106		\$1,030	\$
Operating Profit (Loss) (000)	J	\$ 443	\$ 986	-55.07%	\$ 706	\$
Cash Operating Costs (000)	K	\$2,302	\$2,183		\$2,873	\$
Gross Fixed Assets (000)	L	\$7,706	\$6,740		\$9,174	\$
Long Term Debt (000)	M	\$3,054	\$2,085		\$3,376	\$
Equity (000)	N	\$3,391	\$3,113		\$4,486	\$
Critical Ratios						
1. Health (Debt to Cash Flow)		4.7X	1.9X		3.3X	X
Profitability:						
2. Operating Profit on GFA		5.7%	14.6%	-60.96%	7.7%	%
3. Profit (BT) on Equity		4.2%	21.8%	-79.82%	8.2%	%
Performance:						
4. Average Utilization		38.1%	39.7%		38.5%	%
5. Days/Nights of Operation		117	130		139	
Policy and Planning:						
6. Capital/Capacity Ratio		\$2,006	\$1,786		\$2,089	\$
7. Operating Cost/Capacity Ratio		\$ 4.52	\$ 4.19	7.88%	\$ 4.37	\$
Revenue/Skier Visit:						
Ski Lift Gross		\$12.90	\$12.46	3.53%	\$13.24	\$
Ski School Margin		\$.47	\$.39		\$.45	\$
Food Service Margin		\$.58	\$.45		\$.73	\$
Bar Margin		\$.27	\$.25		\$.23	\$
Ski Shop Margin		\$.29	\$.25		\$.27	\$
Ski Rental Margin		\$.53	\$.47		\$.41	\$
Other Margin		\$.20	\$.13		\$.16	\$
8. Total - Revenue/Skier Visit		\$15.24	\$14.40	5.83%	\$15.49	\$
Base		(118)	(115)		(59)	\$

- a. Many ski areas are subsidiaries of larger corporations and the tax consequences of their ski area profits (losses) are lost in the consolidation.
- b. Many ski areas have loss-carry-forward balances to offset current profits and their current taxes would not reflect normal operations.

In general, the reader seeking the comparable "after tax" return may approximate this by cutting the before tax figure in half (considering both Federal and state income tax liabilities).

This ratio is calculated by dividing profit (loss) before tax (G) by equity (N). Equity includes the invested capital and retained earnings. The reader should be aware of the fact that because of the areas' accumulated losses, 34 percent of the respondents reported negative retained earnings and 13 percent showed no invested capital.

- 4. Average utilization measures actual skier visits as a percent of capacity skier visits. Capacity skier visits (E) is the product of each individual ski area's calculated capacity times its equivalent days/nights of operation. The 1975-76 survey included a more meaningful estimate of capacity since respondents reported the number of days when all ski lifts were open plus the number of days when operations were limited due to lack of snow cover or other capacity limiting factors. The 1976-77 survey included nights of operation. The 1977-78 survey incorporated both of these refinements. Actual days/nights of operation were thus adjusted downward to create "equivalent" day/nights of operation. Please note that average skier capacity (C) times days of operation (D) will not equal season capacity (E). This is because season capacity (E) is the sum of all 118 areas' season capacity and is, of course, weighted by both the larger areas and those with longer seasons.

Average utilization is calculated by dividing actual skier visits (F) by computed season capacity (E). Utilization is expressed as a percent of available season capacity.

The last five studies contain a further refinement in calculating capacity due to the different ski area capacity available at night. Thus, the utilization calculation is not comparable to prior years.

- 5. Days/nights of operation are the equivalent days and nights that ski areas were open and operating. Theoretically, when computing season capacity, one assumes that all lifts and trails are open each operating period or at least each area is capable of handling the "comfortable capacity" crowd each period that they are operating. All studies since 1975-76 adjust for this factor by computing equivalent days/nights of operation. Days/nights of operation were selected as one of eight critical variables to highlight their important effect on profitability.
- 6. The capital cost/capacity ratio is designed to provide a relative measure of a ski area's site, design and construction attributes. This ratio is calculated by dividing the GFA (L) by the daily, comfortable skier capacity (C). The rationale for obtaining a skier capacity measure was discussed earlier and judgments may be evaluated by referring to Table 16.

7. The operating cost/capacity ratio is designed as a comparable method of measuring operating cost efficiency. This measure reduces all the cash operating costs (excluding depreciation and interest) to a common denominator. It is calculated by dividing cash operating costs (K) by season capacity (E). Costs are thus reduced to the cost of providing one skier of capacity for one equivalent day/night of operation. In general, ski areas with a higher than average cash operating cost/season capacity ratio in its appropriate size, location or operating days category may well benefit by taking a close look at expenses.
8. Total revenue/skier is a measure of the actual revenue received by the ski area from each skier each day. The definition is very important to assess the usefulness of this measure. Revenue includes gross revenue from ski lift ticket sales, plus the margin or contribution from the other typical supporting services. This method was selected in order to equate ski areas who concession some or all of these supporting service operations, and thus report only a concession fee, with those who operate each service as a department.

This index is calculated by dividing revenues by skier visits; however, this measure does not use either accommodations, year round or summer revenue as they don't relate directly to skier visits.

What the Ratios Mean

1. Ski Industry Health (Debt to Cash Flow): In 1982-83 the ski industry deteriorated in its ability to retire debt. Average debt obligations are 4.7 times the before tax cash flow. Thus, cash flows are adequate to retire debt in approximately 9 years. (They must first be used to pay income taxes.)
2. Ski Industry Profitability: Operating profit as a percent of Gross Fixed Assets is 5.7 percent. This is a material decrease from last year's 14.6 percent.

Profit before tax on equity is at 4.2 percent, down considerably from last year's 21.8 percent, but only slightly below 1980-81's rate of 4.8 percent.

3. Ski Industry Performance: Average skier visits were down by 6.3 percent, the result of both a much shorter average season and a decrease in utilization.
4. Policy and Planning Ratio: The two cost/capacity ratios measure design and operating efficiency. The benchmarks established by the total sample should be attainable and probably represent an adequate norm. The capital cost/capacity ratio must be adjusted upward by an appropriate inflation index to be used for current new construction planning.

The daily cash operating cost/capacity ratio at \$4.52 is up from 1981-82's \$4.19 index and is also above the \$4.40 recorded in 1980-81. The change by category looks like this:

	Cash Cost/Season Capacity		
	1982-83	1981-82	Change
Ski Lift Direct	\$1.39	\$1.49	Down 7%
Payroll Taxes	.22	.22	Same
Property Operation	.43	.32	Up 34%
Snowmaking and Snow Removal	.25	.23	Up 9%
General & Administrative, & Miscellaneous	1.21	1.03	Up 17%
Marketing	.40	.37	Up 8%
Insurance	.22	.19	Up 16%
Land Use Fees	.17	.14	Up 21%
Property Taxes	.12	.10	Up 20%
Other Taxes	.11	.10	Up 10%
	<u>\$4.52</u>	<u>\$4.19</u>	

5. Revenue per skier visit: The 1982-83 revenue per skier visit was up 5.8 percent. Overall margins all increased. Additional analysis is presented in Chapter VI.

TABLE 32
REVENUE PER SKIER VISIT

	1982-83	1981-82	1980-81	1979-80
Ski Lift Gross	\$12.90	\$12.46	\$10.91	\$ 9.25
Ski School Margin	.47	.39	.32	.33
Food Service Margin	.58	.45	.39	.41
Bar Margin	.27	.25	.22	.17
Ski Shop Margin	.29	.25	.22	.19
Rental Margin	.53	.47	.43	.43
Other Margin	.20	.13	.10	.14
	<u>\$15.24</u>	<u>\$14.40</u>	<u>\$12.59</u>	<u>\$10.92</u>
Base	(118)	(115)	(121)	(131)

PROFITABILITY

The 1982-83 ski season recorded profits that were down from 1981-82 and 1979-80. Only 62 percent of the reporting ski areas showed operating profits. Operating profit on Gross Fixed Assets was 5.8 percent for the average ski area in the study, 17.1 percent for the top half of the profitable ski areas and 5.3 percent for the bottom half.

This chapter makes a comprehensive analysis of profitability, its probable causes, current trends, and proposed solutions. Data are presented in three categories, those in the top half of the profitable areas, those in the bottom half of the profitable areas, and those recording losses. Again the reader is urged to read the definitions of profitability used carefully because this chapter treats profitability in a non-typical but hopefully more meaningful way. The definition is operating profit and results in 45 areas with a loss rather than the 63 using profit before income taxes. However, this analysis permits a number of additional meaningful comparisons to be made, especially when they have varying capital structures. Due to the large number of tables presented, they will be found at the end of the chapter.

The proportion of ski areas showing profits decreased from 1981-82. Table 33 summarizes six profit indicators.

TABLE 33
HISTORICAL COMPARATIVE MEASURES OF PROFITABILITY

	1982-83	1981-82	1980-81	1979-80
Ski Areas Reporting				
Operating Profits	61.86%	84.35%	61.16%	74.0%
Operating Profit on GFA	5.75	14.62	5.54	12.1
Profit (BT) on Equity	4.22	21.81	4.82	17.5
Profit (BT) on GFA	1.86	10.07	2.02	8.3
Profit (BT) on Revenue	4.39	18.89	5.05	16.4
Profit (BT) in Dollars (000)	\$143	\$679	\$112	\$348
Base	(118)	(115)	(121)	(131)

This chapter isolates both the physical and economic characteristics of profitable areas and compares them with those recording losses to see if any significant insights can be provided. Table 34 presents a summary of the ski area characteristics divided into three categories of profitability. Tables 35 through 38 contain income statement and balance sheet data in these three categories. The 73 profitable ski areas were considered profitable based upon their ability to show an operating profit (i.e., before subtracting interest). Ten of these profitable areas did record losses after subtracting interest costs. The top half were selected based upon their return to GFA (i.e., as opposed to dollar amount of profits). Table 39 contains the critical economic ratios.

The past reports contained an analysis of the five most telling characteristics of the most profitable ski areas, the loss ski areas, and the three distinguishing characteristics of the bottom profit ski areas. In this report these past characteristics will be evaluated against current findings to evaluate progress or slippage.

Characteristics of the Top Half of the Profitable Ski Areas

The same five characteristics as in past studies are identified as the probable cause for higher profitability.

<u>Probable Cause</u>	<u>Measure</u>	<u>Index^a</u>
1. Equivalent Days/Nights	137 days/nights	1.17
2. Revenue/Skier Visit	\$15.42	1.01
3. Capital Cost/Capacity Ratio	\$1,795	0.89
4. Size (VTF/Hour) (000)	8,392	1.35
5. Available Beds	3,425	.89

<u>Resulting Effect</u>	<u>Measure</u>	<u>Index^a</u>
Average Utilization	41.7%	1.09
Operating Profit (000)	1,527	3.44
Operating Profit on GFA	17.1%	3.00

^a The index represents the relationship of this measure to the average ski area measure.

In each "cause" measure (except Available Beds) the top profit ski areas gained again in 1982-83.

None of the factors alone fully explain the better profitability; however, each favorable factor has a small effect, and together they effect profits dramatically.

1. **Length of Season:** Typically the top profit ski areas enjoy a relatively longer season. The 37 top profit ski areas recorded 137 "equivalent" days/nights of operation, which was 17 percent above the average and 34 percent above the loss areas. These 137 days/nights were 5 percent above the 130 "equivalent" days/nights recorded in 1981-82. The favorable season length helped keep the top profit areas relatively profitable. Its effect is shown dramatically in Chapter VIII (Table 74) where the 25 ski areas that ran between 140-159 days recorded a 12.9 percent operating profit on gross fixed assets. Surprisingly, the 21 areas that operated over 160 days only had a return on GFA of 4.9 percent.
2. **Revenue Per Skier Visit:** In the past the most profitable ski areas also had the highest average revenue per skier visit. This year, however, the loss areas reported the highest average revenue per skier visit. The 1982-83 revenue per skier visit increased 18.1 percent for the loss areas from 1981-82, but only 5.0 percent for the top profit areas and actually decreased 2.3 percent for the bottom profit areas.
3. **Capital Cost/Capacity Ratio:** The top profit ski areas were well below the average Capital Cost/Capacity ratio in 1982-83. This was coupled with a lower operating cost/capacity ratio, an additional cause of increased profitability.
4. **Type and Size of Area:** The top profit ski areas are found again to be the larger ski areas with a greater local skier housing capability.

Characteristics of the Bottom Half of the Profitable Ski Areas

The major reason for the lower profitability reported by the bottom half of the profitable ski areas is a lower utilization rate and a lower revenue per skier visit. The cause is not readily apparent. The index or relative measures of the five variables identified as the major reasons for the success of the bottom profit areas are summarized on the following page.

None of these factors alone explain the poorer profitability. However, the combination of lower revenue per skier visit, and slightly lower utilization creates only marginal profits. Profits were aided by a relatively low operating cost/season capacity ratio, down two percent, continuing the favorable downward trend of previous years. Past studies also pointed to a failure to achieve adequate revenue per skier visit, this again continues to be the case in 1982-83.

<u>Probable Cause</u>	<u>Measure</u>	<u>Index</u>
1. Equivalent Days/Nights	113 days/nights	0.97
2. Revenue/Skier Visit	\$13.77	0.90
3. Capital Cost/Capacity Ratio	\$1,781	0.89
4. Size (VTF/Hour) (000)	5,527	0.89
5. Available Beds	2,751	0.71
 <u>Resulting Effect</u>	 <u>Measure</u>	 <u>Index</u>
Average Utilization	36.9%	0.97
Operating Profit (000)	\$328	0.74
Operating Profit on GFA	5.3%	0.93

Characteristics of the Loss Ski Areas

The same five probable causes as applied to the loss areas illustrate the following:

<u>Probable Cause</u>	<u>Measure</u>	<u>Index</u>
1. Equivalent Days/Nights	102 days/nights	0.87
2. Revenue/Skier Visit	\$15.61	1.02
3. Capital Cost/Capacity Ratio	\$2,478	1.24
4. Size (VTF/Hour) (000)	4,954	0.80
5. Available Beds	5,120	1.33
 <u>Resulting Effect</u>	 <u>Measure</u>	 <u>Index</u>
Average Utilization	34.0%	0.89
Operating Profit (000)	(\$358)	-
Operating Profit on GFA	Loss	-

All five causes again combine to create losses.

1. Length of Season: The relatively short operating season is again the major cause. The 45 loss areas averaged 67 days of full operation; 28 days of less than full but better than half open; 16 days of less than half open; and 49 nights of operation. Their equivalent days/nights amounted to 93 percent of actual days open.

2. Revenue/Skier Visit: While past studies identified discounting as a cause of lost revenue, this was not the case in 1982-83. Revenue per skier visit is 102 percent of the industry average, showing vast improvement over last year's 92 percent.
3. Cost Factors: A major shortcoming of the loss areas involves an investment about 24 percent higher than average, coupled with extremely high cash operating cost of \$5.04 per skier visit, 12 percent higher than the average ski area.

These identified basic short-comings combine to have a devastating effect on utilization and profitability.

Summary

These various favorable and unfavorable economic characteristics may be summarized using the rule of thumb ratio of total revenue as a percent of GFA to utilization.

	<u>Total</u>	<u>Top Profit</u>	<u>Bottom Profit</u>	<u>Loss</u>
Number of Areas	118	37	36	45
Total Revenue/GFA	42%	58%	40%	28%
Utilization	38%	42%	37%	34%
Factor	1.11	1.38	1.08	0.82
Judgment	Good	Excellent	Good	Poor

A factor of less than 1.00 indicates one or more critical characteristics are out of balance. All factors are down from 1981-82 levels, illustrating the cumulative effect of the weather and perhaps the economy.

TABLE 34

AVERAGE SKI AREA CHARACTERISTICS BY PROFITABILITY

	Total	Top Half Profit	Bottom Half Profit	Loss
SIZE				
VTF/Hour (000)	6,207	8,392	5,527	4,954
Gross Fixed Assets (000)	\$7,706	\$8,944	\$6,230	\$7,868
Skiable Acres	835	817	498	390
LOCATION				
Within 50 Miles of SMSA	32%	38%	36%	24%
With 6+ Areas in 1 Hour	29%	22%	28%	36%
New England	15%	3%	22%	20%
East	16%	8%	22%	18%
Midwest	13%	5%	11%	20%
Central Rockies	20%	30%	14%	15%
Northern Rockies	10%	16%	6%	9%
California and Nevada	15%	27%	11%	9%
Pacific Northwest	11%	11%	14%	9%
SITE CHARACTERISTICS				
Number of Beds at Base	1,203	1,636	761	1,180
Number of Beds (10 miles)	3,860	3,425	2,751	5,120
With Snowmaking	68%	49%	78%	76%
With Night Skiing	38%	27%	50%	38%
Terrain: Beginner	26%	26%	24%	26%
Intermediate	49%	47%	49%	51%
Expert	25%	27%	27%	23%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	50%	78%	42%	33%
Engaged in Land Development	32%	30%	43%	27%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	117	137	113	102
Average Peak Day Crowd	4,166	5,621	3,743	3,308
Average Skier Visits (000)	194	298	157	138
Average Age of Ski Areas	24 years	25 years	25 years	23 years
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	\$15.24	\$15.42	\$13.77	\$15.61
Average Lift Ticket Revenue/Skier Visit	\$12.90	\$13.28	\$11.57	\$13.35
Average Adult Lift Ticket Price (Weekend)	\$16.43	\$16.35	\$17.07	\$16.00
Average Adult Lift Ticket Price (Weekday)	\$14.89	\$15.46	\$15.14	\$14.17
Average Night Ticket Price:				
Weekend	\$ 9.01	\$ 8.60	\$ 9.06	\$ 9.21
Weekday	\$ 8.47	\$ 8.35	\$ 8.78	\$ 8.21
Average Adult Season Ticket Price	\$ 325	\$ 336	\$ 322	\$ 318
Average Utilization	38%	42%	37%	34%
Average Profit (Loss) Before Tax	\$ 143	\$1,206	\$ 52	\$ (659)
Ratio: Revenue/GFA	42%	58%	40%	28%
Base	(118)	(37)	(36)	(45)

TABLE 35
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)	Your Ski Area
Gross Fixed Assets	\$7,706	\$8,944	\$6,230	\$7,868	\$ _____
Revenue:					
Ski Lift Gross - Winter	\$2,502	\$3,962	\$1,820	\$1,848	\$ _____
Ski Lift Gross - Summer	22	29	33	8	_____
Supporting Margin - Winter	456	679	384	328	_____
Supporting Margin - Summer	40	26	81	22	_____
Year Round Margin	<u>236</u>	<u>533</u>	<u>189</u>	<u>29</u>	_____
TOTAL REVENUE	\$3,256	\$5,229	\$2,507	\$2,235	\$ _____
Less:					
Ski Lift Direct Expense	\$ 708	\$1,059	\$ 527	\$ 564	\$ _____
Payroll Taxes	111	142	108	90	_____
Property Operation	<u>218</u>	<u>286</u>	<u>249</u>	<u>139</u>	_____
OPERATIONS MARGIN	\$2,219	\$3,742	\$1,623	\$1,442	\$ _____
Less:					
General & Administrative	\$ 595	\$ 703	\$ 417	\$ 648	\$ _____
Marketing (advertising, public relations, promotion, etc.)	203	259	184	171	_____
Insurance (property, liability)	112	134	86	118	_____
Land Use Fees (public)	64	112	23	56	_____
Land Use Fees (private)	20	18	23	19	_____
Property Taxes	62	91	37	59	_____
Other Taxes (except income)	56	83	36	50	_____
Snowmaking	114	110	126	108	_____
Snow Removal	12	25	5	8	_____
Miscellaneous	27	54	11	16	_____
Depreciation & Amortization	<u>511</u>	<u>627</u>	<u>347</u>	<u>547</u>	_____
OPERATING PROFIT (LOSS)	\$ 443	\$1,526	\$ 328	\$ (358)	\$ _____
Less: Interest	<u>300</u>	<u>320</u>	<u>276</u>	<u>301</u>	_____
PROFIT (LOSS) BEFORE TAX	\$ 143	\$1,206	\$ 52	\$ (659)	\$ _____
Base	(118)	(37)	(36)	(45)	_____

TABLE 36

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY PROFITABILITY

	Percent of Gross Fixed Assets				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:					
Ski Lift Gross - Winter	32.47%	44.30%	29.21%	23.49%	_____ %
Ski Lift Gross - Summer	0.28	0.32	0.53	0.10	_____
Supporting Margin - Winter	5.92	7.59	6.16	4.17	_____
Supporting Margin - Summer	0.52	0.29	1.30	0.28	_____
Year Round Margin	3.06	5.96	3.04	0.37	_____
 TOTAL REVENUE	 42.25%	 58.46%	 40.24%	 28.41%	 _____ %
Less:					
Ski Lift Direct Expense	9.19%	11.84%	8.46%	7.17%	_____ %
Payroll Taxes	1.44	1.59	1.73	1.14	_____
Property Operation	2.82	3.19	4.00	1.77	_____
 OPERATIONS MARGIN	 28.80%	 41.84%	 26.05%	 18.33%	 _____ %
Less:					
General & Administrative	7.72%	7.86%	6.69%	8.23%	_____ %
Marketing (advertising, public relations, promotion, etc.)	2.63	2.90	2.95	2.17	_____
Insurance (property, liability)	1.45	1.50	1.38	1.50	_____
Land Use Fees (public)	0.83	1.25	0.37	0.71	_____
Land Use Fees (private)	0.26	0.20	0.37	0.24	_____
Property Taxes	0.80	1.02	0.59	0.75	_____
Other Taxes (except income)	0.73	0.93	0.58	0.64	_____
Snowmaking	1.48	1.23	2.02	1.37	_____
Snow Removal	0.16	0.28	0.08	0.10	_____
Miscellaneous	0.36	0.60	0.19	0.21	_____
Depreciation & Amortization	6.63	7.01	5.57	6.96	_____
 OPERATING PROFIT (LOSS)	 5.75%	 17.06%	 5.26%	 (4.55)%	 _____ %
Less: Interest	3.89	3.58	4.43	3.83	_____
 PROFIT (LOSS) BEFORE TAX	 1.86%	 13.48%	 0.83%	 (8.38)%	 _____ %
 Base	 (118)	 (37)	 (36)	 (45)	

TABLE 37

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY PROFITABILITY

	Percent of Revenue				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Revenue:					
Ski Lift Gross - Winter	76.84%	75.77%	72.60%	82.68%	_____ %
Ski Lift Gross - Summer	0.68	0.55	1.32	0.36	_____
Supporting Margin - Winter	14.00	12.99	15.32	14.68	_____
Supporting Margin - Summer	1.23	0.50	3.23	0.98	_____
Year Round Margin	<u>7.25</u>	<u>10.19</u>	<u>7.53</u>	<u>1.30</u>	_____
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%
Less:					
Ski Lift Direct Expense	21.74%	20.25%	21.02%	25.23%	_____ %
Payroll Taxes	3.41	2.72	4.31	4.03	_____
Property Operation	<u>6.70</u>	<u>5.47</u>	<u>9.93</u>	<u>6.22</u>	_____
OPERATIONS MARGIN	68.15%	71.56%	64.74%	64.52%	_____ %
Less:					
General & Administrative	18.27%	13.44%	16.63%	28.99%	_____ %
Marketing (advertising, public relations, promotion, etc.)	6.23	4.95	7.34	7.65	_____
Insurance (property, liability)	3.44	2.56	3.43	5.28	_____
Land Use Fees (public)	1.97	2.14	0.92	2.51	_____
Land Use Fees (private)	0.61	0.34	0.92	0.85	_____
Property Taxes	1.90	1.74	1.48	2.64	_____
Other Taxes (except income)	1.72	1.59	1.44	2.24	_____
Snowmaking	3.50	2.10	5.03	4.83	_____
Snow Removal	0.37	0.48	0.20	0.36	_____
Miscellaneous	0.84	1.03	0.43	0.72	_____
Depreciation & Amortization	<u>15.70</u>	<u>11.99</u>	<u>13.84</u>	<u>24.47</u>	_____
OPERATING PROFIT (LOSS)	13.60%	29.18%	13.08%	(16.02)%	_____ %
Less: Interest	<u>9.21</u>	<u>6.12</u>	<u>11.01</u>	<u>13.47</u>	_____
PROFIT (LOSS) BEFORE TAX	4.39%	23.06%	2.07%	(29.49)%	_____ %
Base	(118)	(37)	(36)	(45)	

TABLE 38
AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET
BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)
<u>Assets:</u>				
Current Assets	\$1,047	\$1,281	\$ 670	\$1,170
Gross Fixed Assets	7,923	8,944	6,230	8,503
Less: Depreciation	(2,590)	(3,116)	(2,155)	(2,496)
Other Assets	<u>1,469</u>	<u>1,982</u>	<u>687</u>	<u>1,699</u>
TOTAL ASSETS	\$7,849	\$9,091	\$5,432	\$8,876
<u>Liability & Net Worth</u>				
Current Liabilities	\$1,023	\$1,038	\$ 842	\$1,171
Long-term Debt	2,434	2,445	2,365	2,486
Subordinated Debt	620	573	140	1,095
Deferred Taxes	144	280	22	127
Other Liabilities	237	149	305	262
Net Worth				
Invested	1,953	1,318	1,023	3,377
Retained Earnings	<u>1,438</u>	<u>3,288</u>	<u>735</u>	<u>358</u>
TOTAL LIABILITIES & NET WORTH	\$7,849	\$9,091	\$5,432	\$8,876
Base	(113)	(37)	(36)	(40)

TABLE 39

ECONOMIC RATIOS—BY PROFITABILITY

	Total	Top Half	Bottom Half	Loss	Your Ski Area
VTF/Hour (000)	6,207	8,392	5,527	4,954	—
VTF/Hour - Demand/Skier Capacity	1,616	1,684	1,580	1,560	—
Skier Capacity	3,841	4,984	3,498	3,175	—
Days/Nights of Operation	117	137	113	102	—
Season Capacity (000)	509	715	426	406	—
Actual Skier Visits (000)	194	298	157	138	—
Profit (Loss) Before Tax (000)	\$ 143	\$1,206	\$ 52	\$ (659)	\$ —
Plus: Depreciation (000)	\$ 511	\$ 627	\$ 347	\$ 547	\$ —
Before Tax Cash Flow (000)	\$ 654	\$1,833	\$ 399	\$ (112)	\$ —
Operating Profit (Loss) (000)	\$ 443	\$1,526	\$ 328	\$ (358)	\$ —
Cash Operating Costs (000)	\$2,302	\$3,076	\$1,832	\$2,046	\$ —
Gross Fixed Assets (000)	\$7,706	\$8,944	\$6,230	\$7,868	\$ —
Long Term Debt (000)	\$3,054	\$3,018	\$2,505	\$3,581	\$ —
Equity (000)	\$3,391	\$4,606	\$1,758	\$3,735	\$ —
Critical Ratios					
Health (Debt to Cash Flow)	4.7X	1.6X	6.3X	-	— X
Profitability:					
Operating Profit on GFA	5.7%	17.1%	5.3%	Loss	— %
Profit (BT) on Equity	4.2%	26.2%	3.0%	Loss	— %
Performance:					
Average Utilization	38.1%	41.7%	36.9%	34.0%	— %
Days/Nights of Operation	117	137	113	102	—
Policy & Planning:					
Capital/Capacity Ratio	\$2,006	\$1,795	\$1,781	\$2,478	\$ —
Operating/Capacity Ratio	\$ 4.52	\$ 4.30	\$ 4.30	\$ 5.04	\$ —
Revenue/Skier Visit:					
Ski Lift Gross	\$12.90	\$13.28	\$11.57	\$13.35	\$ —
Ski School Margin	\$.47	\$.51	\$.43	\$.44	\$ —
Food Service Margin	\$.58	\$.56	\$.63	\$.58	\$ —
Bar Margin	\$.27	\$.19	\$.32	\$.22	\$ —
Ski Shop Margin	\$.29	\$.22	\$.24	\$.39	\$ —
Ski Rental Margin	\$.53	\$.44	\$.48	\$.54	\$ —
Other Margin	\$.20	\$.22	\$.10	\$.09	\$ —
Total - Revenue/Skier Visit	\$15.24	\$15.42	\$13.77	\$15.61	\$ —
Base	(118)	(37)	(36)	(45)	

SKI AREA DEPARTMENTAL OPERATIONS

Skiers require a variety of supporting services in order to participate in their sport. In general, these services are revenue producers and each should be organized to provide some contribution to gross margin.

Departmental Operations

Table 40 summarizes the departmental operations for 12 departments during both winter and summer seasons. Since the range of supporting services varies substantially, this data represents averages from among only those areas who reported owning and operating such supporting services. The number of ski areas reporting such operations is noted in the right hand column labeled "base." For example, only 64 ski areas or 54 percent reported operating a bar, thus the data shown are from a sample of only 64.

In addition to the departmental direct cost breakdown, Table 40 includes gross sales per skier visit for the seven major categories. These departments account for 82 percent of ski area gross revenue. These averages have also been calculated using only those ski areas that report owning and operating these departments. Thus, the gross margins calculated from Table 40 will not equate with the average ski industry margins shown with the economic ratios (Table 31). For instance, the bar department margin on Table 40 amounts to \$0.37/skier visit ($\$.79 \times 47.2$ percent) whereas on Table 31 it is shown as \$0.27/skier visit. While the industry average is based on all 118 respondents, the Table 40 data is based on only the 64 respondents who own and operate a bar.

One upgraded item involves cost of goods sold in the rental department. The last five surveys asked specifically for including a rental equipment depreciation allowance under cost of goods sold since this equipment is typically replaced every three to five seasons.

Tables 41 through 43 summarize departmental data by profitability. This breakdown is also included by ski area type (Tables 44-46) and by geographic region (Chapter VII, Table 58).

Ski Area Concessions

Table 47 summarizes ski area concession operations.

Ski Area Employment

Tables 48 and 49 summarize ski area employment. These 118 ski areas employed an average of 18,526 persons daily. If the balance of the ski areas had similar staffing, the ski area industry employed an average of 38,596 persons daily.

Ski Lift Department Detail

Table 50 contains the ski lift department breakdowns.

Ski Area Insurance Costs

Ski area insurance costs have been a major concern of the industry over the recent past. Seventy-one ski areas provided data concerning property, etc., and liability insurance costs. Their cost experience was:

Property Insurance Expense	\$ 40,521	(37.9%)
Liability Insurance Expense	<u>66,437</u>	(62.1%)
Total Insurance Expense	\$106,958	(100.0%)

Forty-seven ski areas lumped their insurance costs together and reported a cost of \$122,574. Assuming that the property/liability ratio remains the same for the 47 ski areas who provided only one lumped figure results in allocating 37.9 percent to property and 62.1 percent to liability. Thus, the 1982-83 figures probably look like this for the average ski area:

Cost-Property Insurance	\$ 42,894	(37.9%)
Cost-Liability Insurance	<u>70,284</u>	(62.1%)
Cost-Total Insurance	\$113,178	(100.0%)

Logically property insurance is some function of the property value, while liability insurance is typically measured as a percent of revenue. Thus the following relationships have been calculated:

Property Insurance	/	Gross Fixed Assets	=	0.6%
\$44,894	/	\$7,705,729		
Liability Insurance	/	Total Revenue	=	2.2%
\$70,284	/	\$3,256,000		
Liability Insurance	/	Gross Operating Revenue ^a	=	1.7%
\$70,284	/	\$4,023,542		

^a For purposes of this measure Gross Operating Revenue is defined as all gross revenue less real estate and utility departmental revenue and less all concession revenue.

TABLE 40
AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
TOTAL SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other		
WINTER SEASON:							
Ski Lift Department	\$12.90	100.0%	- %	18.9%	8.6%	72.5%	(118)
Ski School	1.54	100.0%	-	59.1	6.6	34.3	(104)
Food Service	2.53	100.0%	35.0	28.9	9.5	26.6	(88)
Bar	0.79	100.0%	27.8	16.9	8.1	47.2	(64)
Retail	1.43	100.0%	56.5	11.7	2.7	29.1	(62)
Rental	1.02	100.0%	15.8 ^a	21.7	6.8	55.7	(89)
Accommodations	-	100.0%	-	30.6	37.8	31.6	(29)
Other	.45	100.0%	4.3	47.4	20.6	27.7	(98)
	<u>\$20.66</u>						
YEAR ROUND:							
Real Estate		100.0%	35.2	7.4	10.0	47.4	(22)
Utility		100.0%	-	35.3	96.1	(31.4)	(16)
Miscellaneous		100.0%	10.3	16.0	10.7	63.0	(73)
SUMMER SEASON:							
Lift Department		100.0%	-	51.9	40.4	7.7	(21)
Food Service		100.0%	39.2	39.8	15.7	5.3	(40)
Retail		100.0%	59.9	21.2	3.5	15.4	(22)
Sports		100.0%	-	48.4	43.3	8.3	(22)
Accommodations		100.0%	-	37.0	39.6	23.4	(21)
Slide		100.0%	-	21.7	9.8	68.5	(11)

^a Represents retirement and replacement of rental equipment.

TABLE 41

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
TOP PROFIT SKI AREAS, 1982-83

	Gross Sales		Less:				Base
	Per	%	Cost of	Direct	Direct	Gross	
	S-V		Goods Sold	Labor	Other	Margin	
WINTER SEASON:							
Ski Lift Department	\$13.28	100.0%	- %	18.3%	8.1%	73.6%	(37)
Ski School	1.66	100.0%	-	59.9	5.2	34.9	(32)
Food Service	2.21	100.0%	33.1	27.5	10.4	29.0	(27)
Bar	.63	100.0%	25.4	16.7	7.8	50.1	(20)
Retail	1.03	100.0%	53.5	10.6	2.0	33.9	(18)
Rental	.96	100.0%	16.0 ^a	20.0	7.3	56.7	(26)
Accommodations	-	100.0%	-	21.9	34.9	43.2	(8)
Other	.46	100.0%	4.7	31.4	30.7	33.2	(32)
	\$20.23						
YEAR ROUND:							
Real Estate		100.0%	26.5	6.6	10.4	56.5	(5)
Utility		100.0%	-	13.8	88.0	(1.8)	(5)
Miscellaneous		100.0%	5.5	11.7	7.1	75.7	(27)
SUMMER SEASON:							
Lift Department		100.0%	-	30.1	21.4	48.5	(7)
Food Service		100.0%	37.7	48.6	31.1	(17.4)	(11)
Retail		100.0%	38.2	23.5	17.6	20.7	(3)
Sports		100.0%	-	55.7	39.7	4.6	(5)
Accommodations		100.0%	-	34.5	42.9	22.6	(6)
Slide		100.0%	-	29.1	10.3	60.6	(3)

^a Represents retirement and replacement of rental equipment.

TABLE 42

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
BOTTOM PROFIT SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other		
WINTER SEASON:							
Ski Lift Department	\$11.57	100.0%	- %	18.9%	8.9%	72.2%	(36)
Ski School	1.24	100.0%	-	55.3	7.5	37.2	(33)
Food Service	2.57	100.0%	35.2	28.4	7.9	28.5	(28)
Bar	1.11	100.0%	30.6	14.4	7.3	47.7	(17)
Retail	1.80	100.0%	58.9	12.3	2.7	26.1	(13)
Rental	.98	100.0%	14.7 ^a	18.3	7.6	59.4	(25)
Accommodations	-	100.0%	-	36.3	38.0	25.7	(12)
Other	.47	100.0%	4.4	60.6	14.2	20.8	(29)
	<u>\$19.74</u>						
YEAR ROUND:							
Real Estate		100.0%	35.0	6.7	8.0	50.3	(11)
Utility		100.0%	-	25.2	54.7	20.1	(7)
Miscellaneous		100.0%	25.9	33.1	23.2	17.8	(25)
SUMMER SEASON:							
Lift Department		100.0%	-	43.0	21.5	35.5	(8)
Food Service		100.0%	35.9	32.4	10.4	21.3	(13)
Retail		100.0%	54.6	22.8	2.5	20.1	(10)
Sports		100.0%	-	39.5	30.7	29.8	(10)
Accommodations		100.0%	-	34.7	33.2	32.1	(8)
Slide		100.0%	-	18.2	11.0	70.8	(4)

^a Represents retirement and replacement of rental equipment.

TABLE 43

AVERAGE SKI AREA FINANCIAL DATA-DEPARTMENTAL MARGIN
LOSS SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other		
WINTER SEASON:							
Ski Lift Department	\$13.35	100.0%	- %	19.9%	9.3%	70.8%	(45)
Ski School	1.62	100.0%	-	60.4	8.6	31.0	(39)
Food Service	3.12	100.0%	37.4	31.1	9.6	21.9	(37)
Bar	.83	100.0%	28.0	19.6	9.1	43.3	(27)
Retail	1.87	100.0%	57.4	12.1	3.2	27.3	(31)
Rental	1.20	100.0%	16.2 ^a	25.8	5.7	52.3	(38)
Accommodations	-	100.0%	-	34.8	42.6	22.6	(9)
Other	.39	100.0%	3.4	68.5	5.3	22.8	(37)
	<u>\$22.38</u>						
YEAR ROUND:							
Real Estate		100.0%	73.8	12.9	12.0	1.3	(6)
Utility		100.0%	-	73.6	197.4	(171.0)	(4)
Miscellaneous		100.0%	1.9	3.9	3.2	91.0	(21)
SUMMER SEASON:							
Lift Department		100.0%	-	142.1	154.2	(196.3)	(6)
Food Service		100.0%	43.6	43.3	13.4	(0.3)	(16)
Retail		100.0%	65.8	19.8	2.8	11.6	(9)
Sports		100.0%	-	58.3	72.5	(30.8)	(7)
Accommodations		100.0%	-	44.0	45.5	10.5	(7)
Slide		100.0%	-	19.5	8.2	72.3	(4)

^a Represents retirement and replacement of rental equipment.

TABLE 44

AVERAGE SKI AREA FINANCIAL DATA-DEPARTMENTAL MARGIN
VACATION ORIENTED SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per	%	Cost of	Direct Labor	Direct Other		
	S-V		Goods Sold				
WINTER SEASON:							
Ski Lift Department	\$13.85	100.0%	- %	18.6%	8.6%	72.8%	(32)
Ski School	1.65	100.0%	-	61.1	6.9	32.0	(32)
Food Service	2.91	100.0%	32.1	29.2	10.4	28.3	(20)
Bar	.68	100.0%	25.5	16.4	8.4	49.7	(16)
Retail	1.40	100.0%	56.0	10.9	2.3	30.8	(14)
Rental	.68	100.0%	16.4 ^a	21.9	10.3	51.4	(22)
Accommodations	-	100.0%	-	30.9	33.5	35.6	(13)
Other	.52	100.0%	1.3	48.9	30.9	18.9	(25)
	<u>\$21.69</u>						
YEAR ROUND:							
Real Estate		100.0%	33.8	7.8	10.1	48.3	(13)
Utility		100.0%	-	22.3	63.9	13.8	(8)
Miscellaneous		100.0%	9.6	12.5	11.1	66.8	(22)
SUMMER SEASON:							
Lift Department		100.0%	-	59.4	48.9	(8.3)	(11)
Food Service		100.0%	37.5	44.1	20.2	(1.8)	(13)
Retail		100.0%	57.9	22.6	4.5	15.0	(10)
Sports		100.0%	-	48.5	36.3	15.2	(11)
Accommodations		100.0%	-	39.5	34.8	25.7	(9)
Slide		100.0%	-	38.5	13.6	47.9	(3)

^a Represents retirement and replacement of rental equipment.

TABLE 45
AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
DAY SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other		
WINTER SEASON:							
Ski Lift Department	\$10.29	100.0%	- %	21.9%	10.9%	67.2%	(58)
Ski School	1.19	100.0%	-	51.3	7.1	41.6	(48)
Food Service	2.25	100.0%	38.1	28.0	9.4	24.5	(48)
Bar	1.06	100.0%	28.5	16.8	7.6	47.1	(35)
Retail	1.52	100.0%	58.4	12.8	3.8	25.0	(36)
Rental	1.55	100.0%	16.0 ^a	19.6	4.9	59.5	(48)
Accommodations	-	100.0%	-	36.3	32.0	31.7	(6)
Other	.28	100.0%	16.1	19.7	7.8	56.4	(47)
	<u>\$18.14</u>						
YEAR ROUND:							
Real Estate		100.0%	0.0	39.6	9.4	51.0	(5)
Utility		100.0%	-	73.9	194.5	(168.4)	(5)
Miscellaneous		100.0%	1.9	4.3	3.8	90.0	(33)
SUMMER SEASON:							
Lift Department		100.0%	-	18.7	5.0	76.3	(6)
Food Service		100.0%	37.1	28.7	11.5	22.7	(16)
Retail		100.0%	67.7	12.3	2.2	17.8	(4)
Sports		100.0%	-	60.1	75.5	(35.6)	(5)
Accommodations		100.0%	-	32.4	33.3	34.3	(5)
Slide		100.0%	-	18.4	13.3	68.3	(4)

^a Represents retirement and replacement of rental equipment.

TABLE 46

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
WEEKEND SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other		
WINTER SEASON:							
Ski Lift Department	\$13.73	100.0%	- %	16.7%	6.3%	77.0%	(26)
Ski School	1.26	100.0%	-	59.9	4.6	35.5	(22)
Food Service	2.83	100.0%	38.3	29.2	7.6	24.9	(20)
Bar	.81	100.0%	31.8	18.3	8.3	41.6	(13)
Retail	1.92	100.0%	54.5	11.6	1.7	32.2	(12)
Rental	1.32	100.0%	14.3 ^a	25.1	5.2	55.4	(18)
Accommodations	-	100.0%	-	28.4	50.1	21.5	(10)
Other	.48	100.0%	3.6	62.3	4.5	29.6	(25)
	<u>\$22.35</u>						
YEAR ROUND:							
Real Estate		100.0%	55.8	1.8	8.0	34.4	(4)
Utility		100.0%	-	7.1	7.1	85.8	(3)
Miscellaneous		100.0%	20.5	44.3	14.6	20.6	(16)
SUMMER SEASON:							
Lift Department		100.0%	-	29.4	13.9	56.7	(4)
Food Service		100.0%	42.8	40.2	11.8	5.2	(11)
Retail		100.0%	60.4	22.1	2.4	15.1	(8)
Sports		100.0%	-	39.2	28.9	31.9	(6)
Accommodations		100.0%	-	34.6	48.8	16.6	(7)
Slide		100.0%	-	17.8	7.0	75.2	(4)

^a Represents retirement and replacement of rental equipment.

TABLE 47
SKI AREA CONCESSION OPERATIONS

Supporting Department	Percent of Ski Areas				Average Concession Revenue (000)
	Do Not Have	Own	Concession	Both	
WINTER SEASON:					
Ski School	0.8%	87.3%	10.2%	1.7%	\$ 5.6
Food Service	1.7	71.2	23.7	3.4	62.3
Bar	25.4	56.8	15.3	2.5	34.5
Retail Shop	16.9	50.8	30.5	1.7	30.4
Rental Shop	6.8	75.4	17.8	0.0	53.3
Accommodations	72.9	23.7	2.5	0.8	34.8
SUMMER SEASON:					
Food Service	61.0	33.1	5.1	0.8	\$15.0
Retail Shop	76.3	17.8	5.1	0.8	8.0
Sports Department	79.7	18.6	0.8	0.8	12.5
Accommodations	80.5	19.5	0.0	0.0	-

TABLE 48
NUMBER OF EMPLOYEES PER AVERAGE DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accommodations	Other	Total ^a
Total Sample	45	31	24	4	3	7	8	35	157
Geographic:									
New England	34	25	18	4	4	5	14	31	135
East	29	21	28	5	2	7	19	33	143
Midwest	22	8	14	3	2	8	3	11	70
Central Rockies	77	60	27	3	4	6	3	31	208
Northern Rockies	43	37	23	4	2	5	6	17	136
California & Nevada	56	39	32	3	5	12	6	84	236
Pacific Northwest	35	14	23	5	3	6	3	23	112
Type:									
Day	26	15	14	2	2	6	3	15	83
Weekend	43	27	30	5	4	8	10	48	174
Vacation	87	71	42	6	5	8	17	68	305
Weekend Only	33	23	2	0	0	4	0	4	66
Profitability:									
Top Profit	58	47	28	4	3	8	5	46	199
Bottom Profit	40	26	25	4	3	6	12	29	145
Loss	37	23	20	3	3	8	7	31	132
By Size (000) (VTF/ Hour)									
Under 2,500	15	10	8	1	1	6	6	9	57
2,500 - 3,999	22	14	13	2	2	6	0	13	72
4,000 - 5,499	31	26	15	3	1	5	8	20	109
5,500 - 9,999	64	33	39	6	3	8	14	48	215
10,000 +	114	92	57	8	9	11	15	106	412

^a Will not add due to various different base responses.

TABLE 49
NUMBER OF EMPLOYEES PER PEAK DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accommodations	Other	Total ^a
Total Sample	59	53	35	6	4	11	11	47	224
Geographic:									
New England	50	44	33	6	5	10	20	48	215
East & Ontario	46	43	42	8	3	12	24	46	225
Midwest	34	18	26	6	4	14	8	15	125
Central Rockies	89	88	34	4	5	8	3	38	269
Northern Rockies	55	55	32	7	3	8	6	22	189
California & Nevada	66	54	41	4	6	16	7	93	287
Pacific Northwest	56	52	37	11	5	12	4	34	209
Type:									
Day	39	38	25	4	3	11	4	22	146
Weekend	56	44	39	9	5	11	11	56	230
Vacation	103	91	56	9	7	13	25	84	389
Weekend Only	40	25	3	0	0	6	0	5	79
Profitability:									
Top Profit	71	71	40	7	5	13	9	57	272
Bottom Profit	54	45	36	6	4	10	15	39	210
Loss	52	43	32	5	5	11	9	38	195
By Size (000) (VTF/ Hour)									
Under 2,500	23	21	14	3	3	10	9	13	95
2,500 - 3,999	35	42	25	4	3	11	0	20	140
4,000 - 5,499	45	48	29	6	2	10	12	28	181
5,500 - 9,999	82	57	51	9	4	12	16	62	293
10,000 +	135	118	74	13	12	16	20	125	512

^a Will not add due to various different base responses.

TABLE 50

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY PROFITABILITY

	Total Sample	High	Low	Loss	Your Ski Area
SKI LIFT GROSS:					
Revenue (Winter)	100.00%	100.00%	100.00%	100.00%	_____ %
LESS:					
Ski Lift Payroll	6.47	6.50	6.49	6.39	_____
Ski Patrol Payroll	3.28	3.08	3.33	3.59	_____
Slope Maintenance Payroll	2.46	2.19	2.51	2.89	_____
Maintenance & Repair Payroll	4.01	3.74	4.37	4.23	_____
Ticket Sales Payroll	1.50	1.49	1.38	1.62	_____
Other Payroll	1.24	1.26	1.15	1.24	_____
 TOTAL PAYROLL	 18.96	 18.26	 19.23	 19.96	 _____
 OTHER DIRECT	 8.62	 8.02	 9.24	 9.21	 _____
GROSS MARGIN	72.42	75.72	71.53	70.83	_____ %
Base	(95)	(31)	(26)	(38)	

VII

REGIONAL SKI AREA CHARACTERISTICS

This chapter offers a look at ski area similarities and differences by geographic regions. Table 51 summarizes the significant ski area characteristics, while Table 52 presents the eight critical variables by geographic location. Tables 53-55 contain average regional area income statements compared to both gross fixed assets and revenue. Table 56 illustrates lift department direct costs. Table 57 breaks out the regional balance sheets. Table 58 summarizes departmental breakdowns. Again due to the large number of tables, they all appear at the end of the chapter.

Observations

The larger areas are found in the Rockies and the West where the mountains are larger and the snow cover deeper and more dependable. This also means that the Rockies contain a larger share of the vacation areas while the other sections are heavy on day use areas. There are many more beds at Rockies areas, again indicative of their focus on vacation destination resorts.

Eastern and Midwestern areas depend heavily upon snowmaking. Divisions of terrain by difficulty appear rather standard all across the nation. This can be misleading as each ski area classifies their terrain in relation to other terrain at that area. What in Colorado may be more difficult (intermediate) might be most difficult (expert) in Wisconsin.

Variations in profitability are most evident when analyzing data on this geographic regional breakdown. Winter weather is the most significant factor, followed by population concentrations.

Table 50-A summarizes the critical performance variable operating profit on GFA for each region over the past five seasons. All regions suffered in 1982-83. The California-Nevada region illustrates the most consistently high returns combining reasonable winter weather patterns with a high population concentration.

Midwest ski areas suffered the most, caused mainly by low utilization and low revenue per skier visit.

The average New England, East and Ontario, Midwest, and Northern Rockies areas reported losses (before taxes), reversing trends they had all established. Only the Pacific Northwest areas reported an increase in profit before taxes over last year.

The Central Rockies areas declined somewhat from the 1981-82 excellent snow year. Typically profitability is high based on long seasons, high utilizations, high revenues per skier visit and a high operating cost/capacity ratio. The Central Rockies areas have the highest concentration of vacation oriented ski resorts.

Typically the Northern Rockies areas achieve a rather steady 16 percent return with lower prices and revenue per skier visit coupled with considerably lower operating cost/capacity ratios. However, 1982-83 was not as good a year.

The Pacific Northwest region ski areas, including two Western Canadian ski areas, have a distinctly different business philosophy. Prices, revenue per skier visit, operating cost and utilization are all below ski industry averages. The results, however, as measured by operating profit on GFA, allowed those areas to have a return almost equal to the industry average.

TABLE 50A
FIVE YEAR COMPARISON
OPERATING PROFIT ON GFA

	1982-83	1981-82	1980-81	1979-80	1978-79
New England	2.8%	10.7%	6.0%	Loss	7.8%
East & Ontario	2.7	13.8	11.8	10.3%	12.0
Midwest	Loss	6.1	2.6	2.5	3.7
Central Rockies	8.3	13.0	3.9	19.2	18.4
Northern Rockies	2.7	23.2	3.8	16.4	16.3
California & Nevada	9.0	23.1	9.5	23.9	20.0
Pacific Northwest	5.3	6.5	0.3	11.0	8.3
TOTAL SAMPLE	5.7%	14.6%	5.5%	12.1%	13.8%

TABLE 51
AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SIZE							
VTF/Hour (000)	6,142	3,615	2,094	8,537	6,453	8,373	7,483
Gross Fixed Assets (000)	\$7,558	\$5,571	\$2,210	\$12,977	\$6,727	\$9,182	\$6,905
Skiable Acres	186	142	66	555	1,101	1,012	1,114
LOCATION							
Within 50 Miles of SMSA	22%	47%	47%	13%	58%	33%	15%
With 6+ Areas in 1 Hour	78%	16%	7%	22%	17%	53%	0%
SITE CHARACTERISTICS							
Number of Beds at Base	445	478	98	2,916	888	2,209	386
Number of Beds (10 Miles)	3,189	1,666	1,411	9,452	3,535	4,403	643
With Snowmaking	94%	95%	93%	74%	42%	39%	15%
With Night Skiing	17%	74%	87%	4%	42%	17%	46%
Terrain: Beginner	28%	26%	29%	22%	19%	28%	23%
Intermediate	50%	50%	53%	45%	55%	46%	50%
Expert	22%	24%	18%	33%	26%	26%	27%
BUSINESS CHARACTERISTICS							
Operating With USFS Permit	22%	0%	7%	96%	75%	72%	77%
Engaged in Land Development	50%	47%	21%	35%	33%	18%	15%
OPERATIONAL CHARACTERISTICS							
Average Days/Nights of Operation	76	80	99	128	138	150	160
Average Peak Day Crowd	4,484	3,441	2,022	4,796	3,597	5,361	5,011
Average Skier Visits (000)	152	117	61	309	187	275	213
Average Age of Ski Areas	29 years	21 years	23 years	24 years	27 years	24 years	20 years
ECONOMIC CHARACTERISTICS							
Average Revenue/Skier Visit	\$15.88	\$14.06	\$11.63	\$15.48	\$12.58	\$17.92	\$12.01
Avg. Lift Ticket Revenue/S-V	\$12.89	\$10.55	\$ 8.71	\$13.73	\$11.50	\$15.37	\$10.57
Avg. Adult Lift Ticket Price (Weekend)	\$18.50	\$16.21	\$14.60	\$17.30	\$14.63	\$17.33	\$14.90
Avg. Adult Lift Ticket Price (Weekday)	\$15.60	\$13.42	\$10.88	\$16.78	\$14.96	\$17.35	\$13.92
Average Night Ticket Price (Weekend)	\$11.00	\$ 9.68	\$ 8.92	\$ 6.00	\$ 7.50	\$ 6.00	\$10.25
Average Night Ticket Price (Weekday)	\$ 9.67	\$ 8.96	\$ 8.08	\$ 6.00	\$ 7.50	\$ 6.00	\$10.00
Avg. Adult Season Ticket Price	\$1,367	\$ 276	\$ 218	\$ 391	\$ 337	\$ 361	\$ 301
Average Utilization	40%	64%	26%	56%	39%	30%	25%
Average Profit (Loss) Before Tax	\$ (56)	\$ (133)	\$ (150)	\$ 574	\$ (91)	\$ 559	\$ 32
Ratio: Revenue/GFA	39%	34%	35%	42%	38%	55%	39%
Base	(18)	(19)	(15)	(23)	(12)	(18)	(13)

TABLE 52

ECONOMIC RATIOS—BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
VTF/Hour (000)	6,142	3,615	2,094	8,537	6,453	8,373	7,483
VTF/Hour - Demand/Skier Capacity	1,500	1,500	1,000	2,000	2,000	1,500	1,500
Skier Capacity	4,095	2,410	2,094	4,272	3,227	5,582	4,987
Days/Nights of Operation	76	80	99	128	138	150	160
Season Capacity (000)	375	192	234	553	479	925	847
Actual Skier Visits (000)	152	117	61	309	187	275	213
Profit (Loss) Before Tax (000)	\$ (56)	\$ (133)	\$ (150)	\$ 574	\$ (91)	\$ 559	\$ 32
Plus: Depreciation (000)	\$ 424	\$ 338	\$ 111	\$ 905	\$ 472	\$ 697	\$ 426
Before Tax Cash Flow (000)	\$ 368	\$ 204	\$ (39)	\$ 1,479	\$ 381	\$ 1,256	\$ 458
Operating Profit: (Loss) (000)	\$ 212	\$ 149	\$ (66)	\$ 1,073	\$ 182	\$ 826	\$ 365
Cash Operating Costs (000)	\$ 2,274	\$ 1,434	\$ 732	\$ 3,530	\$ 1,907	\$ 3,529	\$ 1,930
Gross Fixed Assets (000)	\$ 7,558	\$ 5,571	\$ 2,210	\$ 12,977	\$ 6,727	\$ 9,182	\$ 6,905
Long Term Debt (000)	\$ 2,665	\$ 2,008	\$ 632	\$ 5,747	\$ 3,216	\$ 2,615	\$ 3,536
Equity (000)	\$ 2,382	\$ 1,666	\$ 444	\$ 7,227	\$ 3,627	\$ 5,277	\$ 1,149
Critical Ratios							
Health (Debt to Cash Flow)	7.24X	9.84X	-	3.89X	8.44X	2.08X	7.72X
Profitability:							
Operating Profit on GFA	2.80%	2.68%	Loss	8.27%	2.71%	9.00%	5.29%
Profit (BT) on Equity	Loss	Loss	Loss	7.94%	Loss	10.59%	2.79%
Performance:							
Average Utilization	40.53%	60.94%	26.07%	55.88%	39.04%	29.73%	25.15%
Days/Nights of Operation	76	80	99	128	138	150	160
Policy & Planning:							
Capital/Capacity Ratio	\$ 1,846	\$ 2,312	\$ 1,055	\$ 3,038	\$ 2,085	\$ 1,645	\$ 1,385
Operating/Capacity Ratio	\$ 6.06	\$ 7.49	\$ 3.13	\$ 6.38	\$ 3.98	\$ 3.82	\$ 2.28
Revenue/Skier Visit:							
Ski Lift Gross	\$ 12.89	\$ 10.55	\$ 8.71	\$ 13.73	\$ 11.50	\$ 15.37	\$ 10.57
Ski School Margin	\$.44	\$.80	\$.14	\$.62	\$.34	\$.44	\$.11
Food Service Margin	\$.81	\$.75	\$.68	\$.57	\$.36	\$.54	\$.46
Bar Margin	\$.43	\$.38	\$.46	\$.10	\$.22	\$.16	\$.34
Ski Shop Margin	\$.57	\$.22	\$.22	\$.14	\$.09	\$.39	\$.26
Ski Rental Margin	\$.56	\$.87	\$ 1.27	\$.26	\$.19	\$.66	\$.37
Other Margin	\$.18	\$.49	\$.15	\$.06	\$ (.12)	\$.36	\$ (.10)
Total - Revenue/Skier Visit	\$ 15.88	\$ 14.06	\$ 11.63	\$ 15.48	\$ 12.58	\$ 17.92	\$ 12.01
Base	(18)	(19)	(15)	(23)	(12)	(18)	(13)

TABLE 53

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Gross Fixed Assets	\$7,558	\$5,571	\$2,210	\$12,977	\$6,727	\$9,182	\$6,905
Revenue:							
Ski Lift Gross - Winter	\$1,956	\$1,233	\$ 528	\$ 4,246	\$2,147	\$4,221	\$2,255
Ski Lift Gross - Summer	45	0	2	22	37	24	33
Supporting Margin - Winter	561	433	200	540	227	719	326
Supporting Margin - Summer	108	127	32	(34)	1	1	61
Year Round Margin	240	128	15	734	149	87	46
TOTAL REVENUE	\$2,910	\$1,921	\$ 777	\$ 5,508	\$2,561	\$5,052	\$2,721
Less:							
Ski Lift Direct Expense	\$ 450	\$ 270	\$ 179	\$ 1,394	\$ 615	\$ 953	\$ 849
Payroll Taxes	173	72	34	120	102	166	90
Property Operation	415	161	92	195	157	282	186
OPERATIONS MARGIN	\$1,872	\$1,418	\$ 472	\$ 3,799	\$1,687	\$3,651	\$1,596
Less:							
General & Administrative	\$ 412	\$ 333	\$ 188	\$ 786	\$ 521	\$1,351	\$ 380
Marketing (advertising, public relations, promotion, etc.)	289	167	62	323	166	155	185
Insurance (property, liability)	87	85	56	116	99	239	90
Land Use Fees (public)	57	17	2	121	34	121	60
Land Use Fees (private)	0	1	14	28	73	34	0
Property Taxes	40	33	18	120	64	86	52
Other Taxes (except income)	63	37	18	125	14	70	15
Snowmaking	247	233	56	126	37	21	1
Snow Removal	11	1	1	14	18	33	7
Miscellaneous	30	24	12	62	7	18	15
Depreciation & Amortization	424	338	111	905	472	697	426
OPERATING PROFIT (LOSS)	\$ 212	\$ 149	\$ (66)	\$ 1,073	\$ 182	\$ 826	\$ 365
Less: Interest	268	282	84	499	273	267	333
PROFIT (LOSS) BEFORE TAX	\$ (56)	\$ (133)	\$ (150)	\$ 574	\$ (91)	\$ 559	\$ 32
Base	(18)	(19)	(15)	(23)	(12)	(18)	(13)

TABLE 54
AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Gross Fixed Assets						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:							
Ski Lift Gross - Winter	25.88%	22.13%	23.89%	32.72%	31.92%	45.97%	32.66%
Ski Lift Gross - Summer	0.60	0.00	0.09	0.17	0.55	0.26	0.48
Supporting Margin - Winter,	7.42	7.77	9.05	4.16	3.37	7.83	4.72
Supporting Margin - Summer	1.43	2.28	1.45	(0.26)	0.01	0.01	0.88
Year Round Margin	3.17	2.30	0.68	5.65	2.21	0.95	0.67
TOTAL REVENUE	38.50%	34.48%	35.16%	42.44%	38.06%	55.02%	39.41%
Less:							
Ski Lift Direct Expense	5.95%	4.85%	8.10%	10.74%	9.14%	10.38%	12.30%
Payroll Taxes	2.29	1.29	1.54	0.92	1.52	1.81	1.30
Property Operation	5.49	2.89	4.16	1.51	2.33	3.07	2.69
OPERATIONS MARGIN	24.77%	25.45%	21.36%	29.27%	25.07%	39.76%	23.12%
Less:							
General & Administrative	5.45%	5.98%	8.52%	6.06%	7.74%	14.70%	5.51%
Marketing (advertising, public relations, promotion, etc.)	3.82	3.00	2.81	2.49	2.47	1.69	2.68
Insurance (property, liability)	1.15	1.53	2.53	0.89	1.47	2.61	1.30
Land Use Fees (public)	0.75	0.31	0.09	0.93	0.51	1.32	0.87
Land Use Fees (private)	0.00	0.02	0.63	0.22	1.09	0.37	0.00
Property Taxes	0.53	0.59	0.81	0.92	0.95	0.94	0.75
Other Taxes (except income)	0.83	0.66	0.81	0.96	0.21	0.76	0.22
Snowmaking	3.27	4.18	2.53	0.97	0.55	0.23	0.01
Snow Removal	0.15	0.02	0.05	0.11	0.26	0.36	0.10
Miscellaneous	0.41	0.42	0.55	0.48	0.09	0.20	0.22
Depreciation & Amortization	5.61	6.07	5.02	6.97	7.02	7.58	6.17
OPERATING PROFIT (LOSS)	2.80%	2.67%	(2.99%)	8.27%	2.71%	9.00%	5.29%
Less: Interest	3.54	5.06	3.79	3.85	4.06	2.91	4.83
PROFIT (LOSS) BEFORE TAX	(0.74%)	(2.39%)	(6.78%)	4.42%	(1.35%)	6.09%	0.46%
Base	(18)	(19)	(15)	(23)	(12)	(18)	(13)

TABLE 55
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Revenue						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Revenue:							
Ski Lift Gross - Winter	67.22%	64.19%	67.95%	77.08%	83.83%	83.55%	82.87%
Ski Lift Gross - Summer	1.55	0.00	0.26	0.40	1.44	0.48	1.21
Supporting Margin - Winter	19.23	22.54	25.74	9.80	8.86	14.23	11.98
Supporting Margin - Summer	3.71	6.61	4.12	(0.62)	0.04	0.02	2.24
Year Round Margin	8.24	6.66	1.93	13.34	5.83	1.72	1.70
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Less:							
Ski Lift Direct Expense	15.46%	14.06%	23.04%	25.31%	24.01%	18.86%	31.20%
Payroll Taxes	5.95	3.75	4.38	2.18	3.98	3.29	3.31
Property Operation	14.26	8.37	11.83	3.54	6.14	5.58	6.84
OPERATIONS MARGIN	64.33%	73.82%	60.75%	68.97%	65.87%	72.27%	58.65%
Less:							
General & Administrative	14.16%	17.34%	24.19%	14.27%	20.34%	26.75%	13.96%
Marketing (advertising, public relations, promotion, etc.)	9.93	8.69	7.98	5.86	6.48	3.06	6.80
Insurance (property, liability)	2.99	4.42	7.21	2.11	3.87	4.75	3.31
Land Use Fees (public)	1.96	0.88	0.26	2.20	1.33	2.40	2.21
Land Use Fees (private)	0.00	0.05	1.80	0.51	2.85	0.67	0.00
Property Taxes	1.37	1.72	2.32	2.18	2.50	1.70	1.91
Other Taxes (except income)	2.16	1.93	2.32	2.27	0.55	1.38	0.55
Snowmaking	8.49	12.13	7.21	2.29	1.44	0.42	0.04
Snow Removal	0.38	0.05	0.13	0.25	0.70	0.65	0.26
Miscellaneous	1.03	1.25	1.54	1.12	0.27	0.34	0.54
Depreciation & Amortization	14.57	17.60	14.28	16.43	18.43	13.80	15.66
OPERATING PROFIT (LOSS)	7.29%	7.76%	(8.49%)	19.48%	7.11%	16.35%	13.41%
Less: Interest	9.21	14.68	10.81	9.06	10.66	5.29	12.24
PROFIT (LOSS) BEFORE TAX	(1.92%)	(6.92%)	(19.30%)	10.42%	(3.55%)	11.06%	1.17%
Base	(18)	(19)	(15)	(23)	(12)	(18)	(13)

TABLE 56

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SKI LIFT GROSS: Revenue (Winter)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
LESS:							
Ski Lift Payroll	6.07	5.40	8.38	7.00	6.44	5.68	7.31%
Ski Patrol Payroll	2.08	1.19	1.84	4.34	4.02	2.67	3.52
Slope Maintenance Payroll	1.75	2.15	2.38	2.73	2.36	2.40	2.83
Maintenance & Repair Payroll	2.86	3.60	4.56	4.04	3.95	3.67	6.49
Ticket Sales Payroll	1.03	1.02	1.87	1.74	1.43	1.46	1.62
Other Payroll	0.55	0.78	2.53	2.19	0.19	0.24	2.03
TOTAL PAYROLL	14.34%	14.14%	21.56%	22.04%	18.39%	16.12%	23.80%
OTHER DIRECT	6.35%	7.51%	10.11%	9.80%	9.39%	6.50%	12.19%
GROSS MARGIN	79.31%	78.35%	68.33%	68.16%	72.22%	77.38%	64.01%
Base	(16)	(9)	(12)	(23)	(11)	(13)	(11)

TABLE 57

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET
BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
<u>Assets</u>							
Current Assets	\$ 963	\$ 482	\$ 129	\$ 1,907	\$ 1,143	\$ 1,731	\$ 525
Gross Fixed Assets	7,865	5,571	2,261	13,518	6,727	9,651	6,905
Less: Depreciation	(2,846)	(1,911)	(1,035)	(3,295)	(2,084)	(3,978)	(2,402)
Other Assets	797	449	112	3,801	1,814	1,904	419
TOTAL ASSETS	\$6,779	\$4,591	\$1,467	\$15,931	\$7,600	\$9,308	\$5,447
<u>Liabilities & Net Worth</u>							
Current Liabilities	\$1,109	\$ 687	\$ 383	\$ 1,945	\$ 539	\$ 1,306	\$ 611
Long-Term Debt	1,724	1,947	416	5,310	2,764	1,438	2,325
Subordinated Debt	941	61	216	437	452	1,177	1,211
Deferred Taxes	155	91	8	400	148	79	0
Other Liabilities	468	139	0	612	70	31	151
Net Worth							
Invested	1,338	911	385	4,601	1,820	2,583	741
Retained Earnings	1,044	755	59	2,626	1,807	2,694	408
TOTAL LIABILITIES & NET WORTH	\$6,779	\$4,591	\$1,467	\$15,931	\$7,600	\$9,308	\$5,447
Base	(16)	(19)	(14)	(22)	(12)	(17)	(13)

TABLE 58

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
NEW ENGLAND SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other		
WINTER SEASON:							
Ski Lift Department	\$12.89	100.0%	- %	14.22%	6.27%	79.51%	(18)
Ski School	1.28	100.0%	-	53.74	7.93	38.33	(16)
Food Service	3.07	100.0%	33.82	23.92	10.06	32.20	(14)
Bar	1.12	100.0%	26.65	13.71	7.98	51.66	(13)
Retail	3.19	100.0%	57.32	9.70	2.50	30.46	(10)
Rental	1.21	100.0%	13.92 ^a	17.40	7.38	61.30	(13)
Accommodations	-	100.0%	-	26.78	27.97	45.25	(7)
Other	.44	100.0%	6.24	24.97	14.91	53.88	(13)
	<u>\$23.20</u>						
YEAR ROUND:							
Real Estate		100.0%	29.32	3.75	6.21	60.72	(6)
Utility		100.0%	-	51.15	25.77	23.08	(4)
Miscellaneous		100.0%	3.96	10.42	9.62	76.00	(14)
SUMMER SEASON:							
Lift Department		100.0%	-	72.88	35.46	(8.34)	(8)
Food Service		100.0%	38.90	37.09	11.47	12.54	(11)
Retail		100.0%	51.72	34.75	9.55	3.98	(8)
Sports		100.0%	-	40.42	34.39	25.19	(6)
Accommodations		100.0%	-	43.58	40.98	15.44	(8)
Slide		100.0%	-	15.89	9.41	74.70	(4)

^a Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
EAST & ONTARIO SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per	%	Cost of	Direct	Direct		
	S-V		Goods Sold	Labor	Other		
WINTER SEASON:							
Ski Lift Department	\$10.55	100.0%	- %	14.56%	7.29%	78.15%	(19)
Ski School	1.52	100.0%	-	38.32	5.92	55.76	(18)
Food Service	2.58	100.0%	36.63	24.82	7.60	30.95	(15)
Bar	1.48	100.0%	32.35	20.39	8.32	38.94	(10)
Retail	1.11	100.0%	55.31	16.90	2.82	24.97	(6)
Rental	1.57	100.0%	15.96 ^a	18.28	7.04	58.72	(15)
Accommodations	-	100.0%	36.01	39.52	0.59	23.88	(8)
Other	.36	100.0%	5.94	28.85	4.24	60.97	(17)
	<u>\$19.17</u>						
YEAR ROUND:							
Real Estate		100.0%	8.09	12.34	12.60	66.97	(3)
Utility		100.0%	-	69.44	140.00	(109.44)	(2)
Miscellaneous		100.0%	8.55	61.14	29.28	1.03	(15)
SUMMER SEASON:							
Lift Department		100.0%	-	-	-	-	(0)
Food Service		100.0%	38.33	34.62	14.27	12.78	(8)
Retail		100.0%	66.79	13.72	1.81	17.68	(4)
Sports		100.0%	-	41.96	47.93	10.11	(7)
Accommodations		100.0%	-	26.98	30.47	42.55	(6)
Slide		100.0%	-	19.52	6.55	73.93	(4)

^a Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
MIDWEST SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per	%	Cost of Goods Sold	Direct Labor	Direct Other		
	S-V						
WINTER SEASON:							
Ski Lift Department	\$ 8.71	100.0%	- %	21.78%	11.53%	66.69%	(15)
Ski School	.59	100.0%	-	62.28	9.11	28.61	(11)
Food Service	2.54	100.0%	37.99	27.92	4.82	29.27	(12)
Bar	1.51	100.0%	28.88	18.60	6.67	45.85	(10)
Retail	1.23	100.0%	61.57	15.91	3.92	18.60	(11)
Rental	2.00	100.0%	12.07 ^a	19.85	4.24	63.84	(15)
Accommodations	-	100.0%	22.73	39.20	1.85	36.22	(3)
Other	.28	100.0%	5.12	23.23	19.68	51.97	(15)
	<u>\$16.86</u>						
YEAR ROUND.							
Real Estate		100.0%	91.92	0.00	0.00	8.08	(1)
Utility		100.0%	-	28.57	114.29	(42.86)	(1)
Miscellaneous		100.0%	1.54	6.70	9.28	82.48	(9)
SUMMER SEASON:							
Lift Department		100.0%	-	79.17	112.50	(91.67)	(1)
Food Service		100.0%	38.54	31.89	9.91	19.66	(4)
Retail		100.0%	63.16	31.58	5.34	(0.08)	(3)
Sports		100.0%	-	19.29	14.72	65.99	(4)
Accommodations		100.0%	-	31.98	44.15	23.87	(3)
Slide		100.0%	-	-	-	-	(0)

^a Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
CENTRAL ROCKIES SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other		
WINTER SEASON:							
Ski Lift Department	\$13.73	100.0%	- %	22.04%	9.80%	68.16%	(23)
Ski School	2.21	100.0%	-	63.86	5.46	30.68	(21)
Food Service	2.74	100.0%	30.47	30.45	12.17	26.91	(16)
Bar	.50	100.0%	27.06	15.53	5.76	51.65	(8)
Retail	.90	100.0%	61.40	12.00	2.07	24.53	(13)
Rental	.71	100.0%	19.06 ^a	24.91	12.70	43.33	(16)
Accommodations	-	100.0%	-	34.36	51.06	14.58	(2)
Other	.32	100.0%	1.03	44.19	43.27	11.51	(19)
	<u>\$21.11</u>						
YEAR ROUND:							
Real Estate		100.0%	36.34	7.49	10.04	46.13	(6)
Utility		100.0%	-	62.26	142.22	(104.48)	(2)
Miscellaneous		100.0%	0.00	2.75	10.14	87.11	(13)
SUMMER SEASON:							
Lift Department		100.0%	-	83.03	110.91	(93.94)	(6)
Food Service		100.0%	39.31	70.96	53.28	(63.55)	(6)
Retail		100.0%	74.84	11.11	2.29	11.76	(3)
Sports		100.0%	-	110.16	108.20	(118.36)	(3)
Accommodations		100.0%	-	111.54	122.31	(133.85)	(1)
Slide		100.0%	-	46.44	15.55	38.01	(2)

^a Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
NORTHERN ROCKIES SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other		
WINTER SEASON:							
Ski Lift Department	\$11.50	100.0%	- %	18.41%	9.37%	72.22%	(12)
Ski School	1.25	100.0%	-	63.21	7.68	29.11	(11)
Food Service	2.39	100.0%	39.38	31.82	8.94	19.86	(7)
Bar	.53	100.0%	31.46	18.44	7.62	42.48	(5)
Retail	.46	100.0%	60.78	12.55	0.78	25.89	(3)
Rental	.52	100.0%	16.47 ^a	29.16	3.78	50.59	(6)
Accommodations	-	100.0%	-	28.42	32.11	39.47	(2)
Other	.28	100.0%	1.49	170.15	0.64	(72.28)	(9)
	<u>\$16.93</u>						
YEAR ROUND:							
Real Estate		100.0%	68.08	11.99	23.00	(3.07)	(3)
Utility		100.0%	-	10.46	49.01	40.53	(4)
Miscellaneous		100.0%	35.35	2.87	4.75	57.03	(6)
SUMMER SEASON:							
Lift Department		100.0%	-	23.39	25.17	51.44	(2)
Food Service		100.0%	41.37	48.45	9.29	0.89	(2)
Retail		100.0%	-	-	-	-	(0)
Sports		100.0%	-	-	-	-	(0)
Accommodations		100.0%	-	-	-	-	(0)
Slide		100.0%	-	-	-	-	(0)

^a Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
CALIFORNIA/NEVADA SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other		
WINTER SEASON:							
Ski Lift Department	\$15.37	100.0%	- %	16.23%	6.23%	77.54%	(18)
Ski School	1.39	100.0%	-	56.55	5.90	37.55	(15)
Food Service	2.50	100.0%	39.23	30.04	6.71	24.02	(12)
Bar	.53	100.0%	25.70	14.60	7.09	52.61	(8)
Retail	1.73	100.0%	54.49	10.31	2.56	32.84	(10)
Rental	1.16	100.0%	14.98 ^a	21.42	3.16	60.44	(15)
Accommodations	-	100.0%	-	29.29	50.04	20.67	(5)
Other	.97	100.0%	5.03	37.81	13.87	43.29	(15)
	<u>\$23.65</u>						
YEAR ROUND:							
Real Estate		100.0%	39.32	4.93	7.43	48.32	(2)
Utility		100.0%	-	36.81	224.31	(161.12)	(1)
Miscellaneous		100.0%	13.03	29.51	8.93	48.53	(9)
SUMMER SEASON:							
Lift Department		100.0%	-	13.79	5.06	81.15	(3)
Food Service		100.0%	50.39	50.00	9.95	(10.34)	(5)
Retail		100.0%	61.32	20.88	2.42	15.38	(2)
Sports		100.0%	-	65.15	37.12	(2.27)	(1)
Accommodations		100.0%	-	44.69	68.40	(13.09)	(2)
Slide		100.0%	-	-	-	-	(0)

^a Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
PACIFIC NORTHWEST SKI AREAS, 1982-83

	Gross Sales		Less:			Gross Margin	Base
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other		
WINTER SEASON:							
Ski Lift Department	\$10.57	100.0%	- %	23.74%	13.05%	63.21%	(13)
Ski School	.68	100.0%	-	69.02	14.88	16.10	(12)
Food Service	2.18	100.0%	36.72	31.38	10.08	21.82	(12)
Bar	.97	100.0%	25.53	18.54	10.63	45.30	(10)
Retail	1.13	100.0%	48.59	14.86	4.61	31.94	(9)
Rental	.96	100.0%	17.05 ^a	26.14	7.36	49.45	(9)
Accommodations	-	100.0%	-	28.10	26.78	45.12	(2)
Other	.16	100.0%	8.50	122.87	53.96	(85.33)	(10)
	\$16.65						
YEAR ROUND:							
Real Estate		100.0%	0.00	36.17	2.13	61.70	(1)
Utility		100.0%	-	22.58	8.06	69.36	(2)
Miscellaneous		100.0%	0.00	0.35	0.00	99.65	(7)
SUMMER SEASON:							
Lift Department		100.0%	-	42.86	16.16	40.98	(1)
Food Service		100.0%	33.25	28.36	11.14	27.25	(4)
Retail		100.0%	48.80	20.53	0.80	29.87	(2)
Sports		100.0%	-	140.00	80.00	(120.00)	(1)
Accommodations		100.0%	-	24.54	12.96	62.50	(1)
Slide		100.0%	-	23.14	23.97	52.89	(1)

^a Represents retirement and replacement of rental equipment.

VIII

CHARACTERISTICS BY SIZE; DAY, WEEKEND, VACATION AND WEEKEND ONLY SKI AREAS; AND LENGTH OF SKI SEASON

Several additional computer runs provide the same data by other distinct categories. This chapter presents this data with a brief discussion of relevant findings. Because of the large number of tables, they follow the text.

Characteristics by Size

Tables 59 through 65 contain all the various statistics by ski area size. Categories divide ski areas by total $\sqrt{\text{TF}}/\text{hour}$ into five increments. The category "under 2,500" contains the smallest areas while "10,000+" has the giants. In general, revenue and profitability increase as ski areas get larger.

Characteristics by Day, Weekend, Vacation and Weekend Only Areas

Tables 66 through 72 contain the statistics by ski area type. This category refers to areas designed to serve functional markets. Areas may be defined as day use oriented where skiers commute from home for the day; weekend use oriented where skiers typically spend one or two overnights at the areas, typically on weekend outings; and vacation use oriented where average stays are seven days. Operating profit on GFA is best this year at weekend only areas; however, there were only two areas in this category. On the average, vacation and weekend only areas reported a profit before taxes.

Characteristics by Length of Ski Season

Ski areas are characteristically high fixed cost operations with heavy investment in fixed assets and a relatively short operating season. Thus the length of the ski season is a critical variable to profitability. Again, the key measure, operating profit on GFA, generally increased with the length of the season.

TABLE 59

AVERAGE SKI AREA CHARACTERISTICS—BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SIZE					
VTF/Hour (000)	1,579	3,282	4,534	7,400	16,785
Gross Fixed Assets (000)	\$1,878	\$3,591	\$3,786	\$9,532	\$22,840
Skiable Acres	67	295	514	930	1,239
LOCATION					
Within 50 Miles of SMSA	45%	28%	37%	27%	19%
With 6+ Areas in 1 Hour	10%	40%	32%	23%	50%
New England	10%	28%	16%	4%	19%
East	29%	12%	16%	14%	5%
Midwest	36%	8%	10%	0%	38%
Central Rockies	6%	24%	16%	18%	5%
Northern Rockies	3%	12%	5%	27%	14%
California & Nevada	13%	8%	21%	23%	10%
Pacific Northwest	3%	8%	16%	14%	10%
SITE CHARACTERISTICS					
Number of Beds at Base	66	56	126	1,385	4,763
Number of Beds (10 Miles)	2,669	1,459	2,455	3,890	9,567
With Snowmaking	77%	64%	68%	55%	71%
With Night Skiing	58%	36%	42%	27%	19%
Terrain: Beginner	30%	24%	22%	22%	25%
Intermediate	50%	50%	51%	46%	49%
Expert	20%	26%	27%	32%	26%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	19%	44%	74%	68%	62%
Engaged in Land Development	20%	16%	39%	46%	52%
OPERATIONAL CHARACTERISTICS					
Average Days/Nights of Operation	83	110	128	141	138
Average Peak Day Crowd	1,446	2,870	3,314	4,893	9,701
Average Skier Visits (000)	43	93	128	238	554
Average Age of Ski Areas	24 years	26 years	23 years	23 years	25 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	\$12.32	\$12.38	\$12.69	\$14.68	\$16.49
Average Lift Ticket Revenue/S-V	\$ 8.83	\$ 9.76	\$10.13	\$12.83	\$14.56
Average Adult Lift Ticket Price					
(Weekend)	\$14.36	\$14.87	\$16.63	\$17.73	\$19.77
(Weekday)	\$12.02	\$12.86	\$14.50	\$17.14	\$19.12
Average Night Ticket Price					
(Weekend)	\$ 8.36	\$ 8.78	\$10.06	\$10.00	\$ 8.88
(Weekday)	\$ 7.86	\$ 8.11	\$ 9.31	\$ 9.75	\$ 8.38
Average Adult Season Ticket Price	\$ 217	\$ 264	\$ 335	\$ 381	\$ 499
Average Utilization	41%	42%	34%	38%	39%
Average Profit (Loss) Before Tax	\$ (107)	\$ (24)	\$ (76)	\$ 213	\$ 833
Ratio: Revenue/GFA	34%	34%	47%	40%	45%
Base	(31)	(25)	(19)	(22)	(21)

TABLE 60
ECONOMIC RATIOS—BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
VTF/Hour (000)	1,579	3,282	4,534	7,400	16,785
VTF/Hour - Demand/Skier Visit	1,302	1,588	1,503	1,683	1,680
Skier Capacity	1,213	2,067	3,017	4,397	9,993
Days/Nights of Operation	83	110	128	141	138
Season Capacity (000)	106	223	382	624	1,439
Actual Skier Visits (000)	43	93	128	238	554
Profit (Loss) Before Tax (000)	\$ (107)	\$ (24)	\$ (76)	\$ 213	\$ 833
Plus: Depreciation (000)	\$ 104	\$ 171	\$ 258	\$ 613	\$1,638
Before Tax Cash Flow (000)	\$ (3)	\$ 147	\$ 182	\$ 826	\$2,471
Operating Profit (Loss) (000)	\$ (5)	\$ 69	\$ 122	\$ 510	\$1,764
Cash Operating Costs (000)	\$ 536	\$ 981	\$1,408	\$2,718	\$6,863
Gross Fixed Assets (000)	\$1,878	\$3,591	\$3,786	\$9,532	\$22,840
Long Term Debt (000)	\$ 664	\$ 868	\$1,136	\$3,661	\$9,722
Equity (000)	\$ 132	\$ 899	\$1,203	\$5,691	\$9,999
Critical Ratios					
Health (Debt to Cash Flow)	-	5.90X	6.24X	4.43X	3.93X
Profitability:					
Operating Profit on GFA	Loss	1.92%	3.22%	5.35%	7.72%
Profit (BT) on Equity	Loss	Loss	Loss	3.74%	8.33%
Performance:					
Average Utilization	40.57%	41.70%	33.51%	38.14%	38.50%
Days/Nights of Operation	83	110	128	141	138
Policy & Planning:					
Capital/Capacity Ratio	\$1,548	\$1,737	\$1,255	\$2,168	\$2,286
Operating/Capacity Ratio	\$ 5.06	\$ 4.40	\$ 3.69	\$ 4.36	\$ 4.77
Revenue/Skier Visit:					
Ski Lift Gross	\$ 8.83	\$ 9.76	\$10.13	\$12.83	\$14.56
Ski School Margin	\$.43	\$.44	\$.53	\$.36	\$.51
Food Service Margin	\$.66	\$.53	\$.61	\$.52	\$.61
Bar Margin	\$.31	\$.29	\$.34	\$.21	\$.20
Ski Shop Margin	\$.35	\$.22	\$.22	\$.26	\$.28
Ski Rental Margin	\$ 1.44	\$.81	\$.60	\$.51	\$.25
Other Margin	\$.30	\$.33	\$.26	\$ (.01)	\$.08
Total - Revenue/Skier Visit	\$12.32	\$12.38	\$12.69	\$14.68	\$16.49
Base	(31)	(25)	(19)	(22)	(21)

TABLE 61
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,500 - 9,999 (000)	10,000+ (000)
Gross Fixed Assets	\$1,878	\$3,591	\$3,786	\$9,532	\$22,840
Revenue:					
Ski Lift Gross - Winter	\$ 376	\$ 910	\$1,296	\$3,047	\$ 8,057
Ski Lift Gross - Summer	1	4	45	20	58
Supporting Margin - Winter	179	245	368	471	1,172
Supporting Margin - Summer	61	40	50	21	30
Year Round Margin	<u>18</u>	<u>22</u>	<u>29</u>	<u>282</u>	<u>949</u>
TOTAL REVENUE	\$ 635	\$1,221	\$1,788	\$3,841	\$10,266
Less:					
Ski Lift Direct Expense	\$ 101	\$ 289	\$ 387	\$ 887	\$ 2,206
Payroll Taxes	35	63	77	178	242
Property Operation	<u>84</u>	<u>123</u>	<u>196</u>	<u>228</u>	<u>542</u>
OPERATIONS MARGIN	\$ 415	\$ 746	\$1,128	\$2,548	\$ 7,276
Less:					
General & Administrative	\$ 120	\$ 205	\$ 335	\$ 712	\$ 1,870
Marketing (advertising, public relations, promotion, etc.)	47	71	121	261	601
Insurance (property, liability)	36	64	80	127	301
Land Use Fees (public)	12	21	26	67	220
Land Use Fees (private)	15	4	23	14	49
Property Taxes	15	15	28	68	214
Other Taxes (except income)	7	19	12	36	233
Snowmaking	58	88	103	101	252
Snow Removal	4	3	5	21	34
Miscellaneous	2	16	15	18	100
Depreciation & Amortization	<u>104</u>	<u>171</u>	<u>258</u>	<u>613</u>	<u>1,638</u>
OPERATING PROFIT (LOSS)	\$ (5)	\$ 69	\$ 122	\$ 510	\$ 1,764
Less: Interest	<u>102</u>	<u>93</u>	<u>198</u>	<u>297</u>	<u>931</u>
PROFIT (LOSS) BEFORE TAX	\$ (107)	\$ (24)	\$ (76)	\$ 213	\$ 833
Base	(31)	(25)	(19)	(22)	(21)

TABLE 62

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Percent of Gross Fixed Assets				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:					
Ski Lift Gross - Winter	20.02%	25.34%	34.23%	31.97%	35.28%
Ski Lift Gross - Summer	0.05	0.11	1.19	0.21	0.25
Supporting Margin - Winter	9.53	6.82	9.72	4.94	5.13
Supporting Margin - Summer	3.25	1.11	1.32	0.22	0.13
Year Round Margin	<u>0.96</u>	<u>0.62</u>	<u>0.77</u>	<u>2.96</u>	<u>4.15</u>
TOTAL REVENUE	33.81%	34.00%	47.23%	40.30%	44.94%
Less:					
Ski Lift Direct Expense	5.38%	8.05%	10.22%	9.31%	9.66%
Payroll Taxes	1.86	1.75	2.03	1.8~	1.06
Property Operation	<u>4.47</u>	<u>3.43</u>	<u>5.19</u>	<u>2.39</u>	<u>2.36</u>
OPERATIONS MARGIN	22.10%	20.77%	29.79%	26.73%	31.86%
Less:					
General & Administrative	6.39%	5.71%	8.85%	7.47%	8.19%
Marketing (advertising, public relations, promotion, etc.)	2.50	1.98	3.20	2.74	2.63
Insurance (property, liability)	1.92	1.78	2.11	1.33	1.32
Land Use Fees (public)	0.64	0.58	0.69	0.70	0.96
Land Use Fees (private)	0.80	0.11	0.61	0.15	0.21
Property Taxes	0.80	0.42	0.74	0.71	0.94
Other Taxes (except income)	0.37	0.53	0.32	0.38	1.02
Snowmaking	3.09	2.45	2.72	1.06	1.10
Snow Removal	0.21	0.08	0.13	0.22	0.15
Miscellaneous	0.11	0.45	0.40	0.19	0.44
Depreciation & Amortization	<u>5.54</u>	<u>4.76</u>	<u>6.80</u>	<u>6.43</u>	<u>7.18</u>
OPERATING PROFIT (LOSS)	(0.27)%	1.92%	3.22%	5.35%	7.72%
Less: Interest	<u>5.43</u>	<u>2.59</u>	<u>5.23</u>	<u>3.12</u>	<u>4.07</u>
PROFIT (LOSS) BEFORE TAX	(5.70)%	(0.67)%	(2.01)%	2.23%	3.65%
Base	(31)	(25)	(19)	(22)	(21)

TABLE 63
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Percent of Revenue				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Revenue:					
Ski Lift Gross - Winter	59.21%	74.53%	72.48%	79.33%	78.49%
Ski Lift Gross - Summer	0.16	0.33	2.52	0.52	0.57
Supporting Margin - Winter	28.19	20.07	20.58	12.26	11.42
Supporting Margin - Summer	9.61	3.28	2.80	0.55	0.28
Year Round Margin	<u>2.83</u>	<u>1.79</u>	<u>1.62</u>	<u>7.34</u>	<u>9.24</u>
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%
Less:					
Ski Lift Direct Expense	15.91%	23.67%	21.64%	23.09%	21.49%
Payroll Taxes	5.51	5.16	4.31	4.63	2.36
Property Operation	<u>13.23</u>	<u>10.07</u>	<u>10.96</u>	<u>5.94</u>	<u>5.27</u>
OPERATIONS MARGIN	65.35%	61.10%	63.09%	66.34%	70.88%
Less:					
General & Administrative	18.90%	16.79%	18.74%	18.54%	18.23%
Marketing (advertising, public relations, promotion, etc.)	7.40	5.81	6.77	6.80	5.85
Insurance (property, liability)	5.67	5.24	4.47	3.31	2.93
Land Use Fees (public)	1.89	1.72	1.45	1.74	2.14
Land Use Fees (private)	2.36	0.33	1.29	0.36	0.48
Property Taxes	2.36	1.23	1.57	1.77	2.08
Other Taxes (except income)	1.10	1.56	0.67	0.94	2.27
Snowmaking	9.13	7.21	5.76	2.63	2.45
Snow Removal	0.63	0.25	0.28	0.55	0.33
Miscellaneous	0.31	1.31	0.84	0.47	0.97
Depreciation & Amortization	<u>16.39</u>	<u>14.00</u>	<u>14.43</u>	<u>15.95</u>	<u>15.97</u>
OPERATING PROFIT (LOSS)	(0.79)%	5.65%	6.82%	13.28%	17.18%
Less: Interest	<u>16.06</u>	<u>7.62</u>	<u>11.07</u>	<u>7.73</u>	<u>9.07</u>
PROFIT (LOSS) BEFORE TAX	(16.85)%	(1.97)%	(4.25)%	5.55%	8.11%
Base	(31)	(25)	(19)	(22)	(21)

TABLE 64
SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SKI LIFT GROSS:					
Revenue (Winter)	100.00%	100.00%	100.00%	100.00%	100.00%
LESS:					
Ski Lift Payroll	6.68%	8.70%	7.39%	6.63%	6.03%
Ski Patrol Payroll	1.38	4.17	2.25	3.89	3.17
Slope Maintenance Payroll	1.43	2.93	2.96	3.08	2.17
Maintenance & Repair Payroll	4.28	5.69	4.86	3.96	3.73
Ticket Sales Payroll	1.55	1.95	1.59	1.60	1.40
Other Payroll	<u>1.45</u>	<u>1.35</u>	<u>1.17</u>	<u>0.49</u>	<u>1.52</u>
TOTAL PAYROLL	16.77%	24.79%	20.22%	19.65%	18.02%
OTHER DIRECT	10.82%	7.81%	8.69%	9.84%	8.14%
GROSS MARGIN	72.41%	67.40%	71.09%	70.51%	73.84%
Base	(19)	(21)	(15)	(20)	(20)

TABLE 65

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEETS
BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,500 - 9,999 (000)	10,000+ (000)
<u>Assets</u>					
Current Assets	\$ 149	\$ 238	\$ 462	\$ 1,479	\$ 3,202
Gross Fixed Assets	1,932	3,411	3,786	9,532	22,840
Less: Depreciation	(867)	(1,417)	(1,751)	(2,806)	(6,680)
Other Assets	<u>48</u>	<u>163</u>	<u>540</u>	<u>2,608</u>	<u>4,437</u>
TOTAL ASSETS	\$1,262	\$2,395	\$3,037	\$10,813	\$23,799
<u>Liabilities & Net Worth</u>					
Current Liabilities	\$ 375	\$ 503	\$ 523	\$ 961	\$ 2,965
Long-Term Debt	617	739	818	3,065	7,508
Subordinated Debt	47	129	318	596	2,214
Deferred Taxes	5	51	73	56	584
Other Liabilities	86	74	102	444	529
Net Worth					
Invested	262	758	849	3,415	4,961
Retained Earnings	<u>(130)</u>	<u>141</u>	<u>354</u>	<u>2,276</u>	<u>5,038</u>
TOTAL LIABILITIES & NET WORTH	\$1,262	\$2,395	\$3,037	\$10,813	\$23,799
Base	(27)	(24)	(19)	(22)	(21)

AVERAGE SKI AREA CHARACTERISTICS—BY TYPE OF SKI AREA

	Day	Weekend	Vacation	Weekend Only
SIZE				
VTF/Hour (000)	3,642	5,799	11,328	3,958
Gross Fixed Assets (000)	\$3,744	\$6,642	\$16,142	\$1,448
Skiable Acres	370	475	986	163
LOCATION				
Within 50 Miles of SMSA	45%	45%	19%	50%
With 6+ Areas in 1 Hour	22%	22%	32%	50%
New England	14%	15%	16%	50%
East	15%	27%	9%	0%
Midwest	17%	12%	6%	0%
Central Rockies	14%	12%	35%	50%
Northern Rockies	7%	12%	16%	0%
California & Nevada	19%	15%	9%	0%
Pacific Northwest	14%	7%	9%	0%
SITE CHARACTERISTICS				
Number of Beds at Base	52	1,512	3,026	0
Number of Beds (10 Miles)	2,006	4,086	6,899	0
With Snowmaking	66%	62%	81%	0%
With Night Skiing	53%	34%	16%	0%
Terrain: Beginner	26%	24%	24%	27%
Intermediate	50%	51%	47%	43%
Expert	24%	25%	29%	30%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	47%	46%	60%	50%
Engaged in Land Development	21%	39%	52%	0%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	115	111	128	43
Average Peak Day Crowd	2,900	3,862	6,802	2,628
Average Skier Visits (000)	103	174	385	49
Average Age of Ski Areas	24 years	24 years	23 years	36 years
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	\$12.78	\$16.02	\$15.79	\$ 9.74
Average Lift Ticket Revenue/S-V	\$10.29	\$13.73	\$13.85	\$ 9.57
Avg. Adult Lift Ticket Price (Weekend)	\$14.92	\$16.52	\$19.14	\$16.00
Avg. Adult Lift Ticket Price (Weekday)	\$13.19	\$14.38	\$18.41	\$12.50
Average Night Ticket Price (Weekend)	\$ 9.26	\$ 8.28	\$ 8.80	\$ -
Average Night Ticket Price (Weekday)	\$ 8.69	\$ 8.06	\$ 7.80	\$ -
Average Adult Season Ticket Price	\$ 277	\$ 298	\$ 455	\$ 110
Average Utilization	32%	34%	44%	50%
Average Profit (Loss) Before Tax	\$ (140)	\$ (31)	\$ 798	\$ 99
Ratio: Revenue/GFA	36%	45%	44%	35%
Base	(58)	(26)	(32)	(2)

TABLE 67
ECONOMIC RATIOS—BY TYPE OF SKI AREA

	Day	Weekend	Vacation	Weekend Only	Your Ski Area
VTF/Hour (000)	3,642	5,799	11,328	3,958	_____
VTF/Hour - Demand/Skier Visit	1,526	1,526	1,714	1,751	_____
Skier Capacity	2,386	3,800	6,609	2,260	_____
Days/Nights of Operation	115	111	128	43	_____
Season Capacity (000)	317	516	878	98	_____
Actual Skier Visits (000)	103	174	385	49	_____
Profit (Loss) Before Tax (000)	\$ (140)	\$ (31)	\$ 798	\$ 99	\$ _____
Plus: Depreciation (000)	\$ 243	\$ 478	\$ 1,051	\$ 67	\$ _____
Before Tax Cash Flow (000)	\$ 103	\$ 447	\$ 1,849	\$ 166	\$ _____
Operating Profit (Loss) (000)	\$ 18	\$ 235	\$ 1,395	\$ 162	\$ _____
Cash Operating Costs (000)	\$1,096	\$2,265	\$ 4,652	\$ 273	\$ _____
Gross Fixed Assets (000)	\$3,744	\$6,642	\$16,142	\$1,448	\$ _____
Secured Debt (000)	\$1,340	\$2,454	\$ 6,542	\$ 452	\$ _____
Equity (000)	\$ 834	\$2,900	\$ 8,200	\$ 572	\$ _____
Critical Ratios					
Health (Debt to Cash Flow)	13.01X	5.49X	3.54X	2.71X	_____ X
Profitability:					
Operating Profit on GFA	0.48%	3.54%	8.64%	11.19%	_____ %
Profit (BT) on Equity	Loss	Loss	9.73%	17.31%	_____ %
Performance:					
Average Utilization	32.49%	33.72%	43.85%	50.00%	_____ %
Days/Nights of Operation	115	111	128	43	_____
Policy & Planning:					
Capital/Capacity Ratio	\$1,569	\$1,748	\$ 2,442	\$ 641	\$ _____
Operating/Capacity Ratio	\$ 3.46	\$ 4.39	\$ 5.30	\$ 2.79	\$ _____
Revenue/Skier Visit:					
Ski Lift Gross	\$10.29	\$13.73	\$ 13.85	\$ 9.57	\$ _____
Ski School Margin	\$.41	\$.39	\$.53	\$.03	\$ _____
Food Service Margin	\$.51	\$.66	\$.59	\$.01	\$ _____
Bar Margin	\$.31	\$.19	\$.21	\$.00	\$ _____
Ski Shop Margin	\$.27	\$.35	\$.24	\$.00	\$ _____
Ski Rental Margin	\$.84	\$.56	\$.27	\$.10	\$ _____
Other Margin	\$.15	\$.14	\$.10	\$.03	\$ _____
Total - Revenue/Skier Visit	\$12.78	\$16.02	\$ 15.79	\$ 9.74	\$ _____
Base	(58)	(26)	(32)	(2)	

TABLE 68
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Weekend Only (000)	Your Ski Area
Gross Fixed Assets	\$3,744	\$6,642	\$16,142	\$1,448	\$_____
Revenue:					
Ski Lift Gross - Winter	\$1,063	\$2,387	\$ 5,331	\$ 469	\$_____
Ski Lift Gross - Summer	4	14	64	0	_____
Supporting Margin - Winter	263	429	851	9	_____
Supporting Margin - Summer	19	92	44	0	_____
Year Round Margin	<u>8</u>	<u>56</u>	<u>808</u>	<u>24</u>	_____
TOTAL REVENUE	\$1,357	\$2,978	\$ 7,098	\$ 502	\$_____
Less:					
Ski Lift Direct Expense	\$ 350	\$ 555	\$1,520	\$ 101	\$_____
Payroll Taxes	71	86	212	14	_____
Property Operation	<u>129</u>	<u>120</u>	<u>470</u>	<u>47</u>	_____
OPERATIONS MARGIN	\$ 807	\$2,217	\$ 4,896	\$ 340	\$_____
Less:					
General & Administrative	\$ 222	\$ 878	\$ 1,072	\$ 66	\$_____
Marketing (advertising, public relations, promotion, etc.)	77	144	489	9	_____
Insurance (property, liability)	68	156	167	25	_____
Land Use Fees (public)	22	72	137	0	_____
Land Use Fees (private)	14	0	48	0	_____
Property Taxes	26	61	133	8	_____
Other Taxes (except income)	30	54	108	2	_____
Snowmaking	70	112	202	0	_____
Snow Removal	7	7	28	1	_____
Miscellaneous	10	20	66	0	_____
Depreciation & Amortization	<u>243</u>	<u>478</u>	<u>1,051</u>	<u>67</u>	_____
OPERATING PROFIT (LOSS)	\$ 18	\$ 235	\$ 1,395	\$ 162	\$_____
Less: Interest	<u>158</u>	<u>266</u>	<u>597</u>	<u>63</u>	_____
PROFIT (LOSS) BEFORE TAX	\$ (140)	\$ (31)	\$ 798	\$ 99	\$_____
Base	(58)	(26)	(32)	(2)	

TABLE 69
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Gross Fixed Assets				Your Ski Area
	Day	Weekend	Vacation	Weekend Only	
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:					
Ski Lift Gross - Winter	28.39%	35.94%	33.03%	32.39%	_____ %
Ski Lift Gross - Summer	0.11	0.21	0.40	0.00	_____
Supporting Margin - Winter	7.02	6.46	5.27	0.62	_____
Supporting Margin - Summer	0.51	1.39	0.27	0.00	_____
Year Round Margin	<u>0.21</u>	<u>0.84</u>	<u>5.00</u>	<u>1.66</u>	_____
TOTAL REVENUE	36.24%	44.84%	43.97%	34.67%	_____ %
Less:					
Ski Lift Direct Expense	9.35%	8.35%	9.42%	6.98%	_____ %
Payroll Taxes	1.90	1.29	1.31	0.97	_____
Property Operation	<u>3.44</u>	<u>1.82</u>	<u>2.91</u>	<u>3.24</u>	_____
OPERATIONS MARGIN	21.55%	33.38%	30.33%	23.48%	_____ %
Less:					
General & Administrative	5.92%	13.21%	6.64%	4.56%	_____ %
Marketing (advertising, public relations, promotion, etc.)	2.06	2.17	3.03	0.62	_____
Insurance (property, liability)	1.82	2.35	1.03	1.73	_____
Land Use Fees (public)	0.59	1.08	0.85	0.00	_____
Land Use Fees (private)	0.37	0.00	0.30	0.00	_____
Property Taxes	0.69	0.92	0.82	0.55	_____
Other Taxes (except income)	0.80	0.81	0.67	0.14	_____
Snowmaking	1.87	1.69	1.25	0.00	_____
Snow Removal	0.19	0.11	0.17	0.07	_____
Miscellaneous	0.27	0.30	0.41	0.00	_____
Depreciation & Amortization	<u>6.49</u>	<u>7.20</u>	<u>6.52</u>	<u>4.62</u>	_____
OPERATING PROFIT (LOSS)	0.48%	3.54%	8.64%	11.19%	_____ %
Less: Interest	<u>4.22</u>	<u>4.01</u>	<u>3.70</u>	<u>4.35</u>	_____
PROFIT (LOSS) BEFORE TAX	(3.74%)	(0.47%)	4.94%	6.84%	_____ %
Base	(58)	(26)	(32)	(2)	

TABLE 70

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Revenue				Your Ski Area
	Day	Weekend	Vacation	Weekend Only	
Revenue:					
Ski Lift Gross - Winter	78.33%	80.15%	75.11%	93.43%	_____ %
Ski Lift Gross - Summer	0.29	0.47	0.90	0.00	_____
Supporting Margin - Winter	19.38	14.41	11.99	1.79	_____
Supporting Margin - Summer	1.40	3.09	0.62	0.00	_____
Year Round Margin	<u>0.60</u>	<u>1.88</u>	<u>11.38</u>	<u>4.78</u>	_____
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%
Less:					
Ski Lift Direct Expense	25.79%	18.64%	21.41%	20.12	_____ %
Payroll Taxes	5.23	2.89	2.99	2.79	_____
Property Operation	<u>9.51</u>	<u>4.02</u>	<u>6.62</u>	<u>9.36</u>	_____
OPERATIONS MARGIN	59.47%	74.45%	68.98%	67.73%	_____ %
Less:					
General & Administrative	16.36%	29.48%	15.10%	13.15%	_____ %
Marketing (advertising, public relations, promotion, etc.)	5.67	4.84	6.89	1.79	_____
Insurance (property, liability)	5.01	5.24	2.35	4.98	_____
Land Use Fees (public)	1.62	2.42	1.93	0.00	_____
Land Use Fees (private)	1.03	0.00	0.68	0.00	_____
Property Taxes	1.92	2.05	1.87	1.59	_____
Other Taxes (except income)	2.21	1.81	1.52	0.40	_____
Snowmaking	5.16	3.76	2.85	0.00	_____
Snow Removal	0.52	0.24	0.39	0.20	_____
Miscellaneous	0.74	0.67	0.93	0.00	_____
Depreciation & Amortization	<u>17.90</u>	<u>16.05</u>	<u>14.82</u>	<u>13.35</u>	_____
OPERATING PROFIT (LOSS)	1.33%	7.89%	19.65%	32.27%	_____ %
Less: Interest	<u>11.65</u>	<u>8.93</u>	<u>8.41</u>	<u>12.55</u>	_____
PROFIT (LOSS) BEFORE TAX	(10.32%)	(1.04%)	11.24%	19.72%	_____ %
Base	(58)	(26)	(32)	(2)	

TABLE 71
SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY TYPE OF SKI AREA

	Day	Weekend	Vacation	Weekend Only
SKI LIFT GROSS				
Revenue (Winter)	100.00%	100.00%	100.00%	100.00%
LESS:				
Ski Lift Payroll	8.48%	5.33%	7.29%	6.51%
Ski Patrol Payroll	3.54	2.92	3.35	0.32
Slope Maintenance Payroll	2.91	2.68	2.25	3.42
Maintenance & Repair Payroll	5.07	3.49	3.91	3.09
Ticket Sales Payroll	1.58	1.59	1.46	0.11
Other Payroll	<u>1.52</u>	<u>0.29</u>	<u>1.46</u>	<u>3.42</u>
TOTAL PAYROLL	23.10%	16.30%	19.72%	16.87%
OTHER DIRECT	11.76%	5.99%	8.67%	4.59%
GROSS MARGIN	65.14%	77.71%	71.61%	78.54%
Base	(45)	(19)	(29)	(2)

TABLE 72
AVERAGE SKI AREA FINANCIAL DATA--BALANCE SHEET
BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Weekend Only (000)
<u>Assets</u>				
Current Assets	\$ 347	\$ 946	\$ 2,346	\$ 129
Gross Fixed Assets	3,834	6,642	16,142	1,448
Less: Depreciation	(1,704)	(2,379)	(4,358)	(527)
Other Assets	<u>320</u>	<u>1,025</u>	<u>3,820</u>	<u>67</u>
TOTAL ASSETS	\$2,797	\$6,234	\$17,950	\$1,117
<u>Liabilities & Net Worth</u>				
Current Liabilities	\$ 478	\$ 764	\$ 2,193	\$ 93
Long-Term Debt	1,086	1,356	5,667	452
Subordinated Debt	254	1,098	875	0
Deferred Taxes	47	89	359	0
Other Liabilities	98	27	656	0
Net Worth				
Invested	637	1,780	4,386	167
Retained Earnings	<u>197</u>	<u>1,120</u>	<u>3,814</u>	<u>405</u>
TOTAL LIABILITIES & NET WORTH	\$2,797	\$6,234	\$17,950	\$1,117
Base	(53)	(26)	(32)	(2)

TABLE 73

AVERAGE SKI AREA CHARACTERISTICS--BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
<u>SIZE</u>						
VTF/Hour (000)	2,062	3,060	4,021	7,295	8,041	11,238
Gross Fixed Assets (000)	\$1,622	\$3,853	\$5,633	\$9,770	\$10,098	\$13,502
Skiable Acres	112	128	177	566	797	1,332
<u>LOCATION</u>						
Within 50 Miles of SMSA	47%	42%	50%	16%	36%	24%
With 6+ Areas in 1 Hour	35%	21%	25%	21%	21%	52%
New England	23%	25%	8%	11%	8%	14%
East	12%	42%	50%	0%	4%	0%
Midwest	41%	21%	8%	11%	0%	0%
Central Rockies	6%	4%	25%	47%	28%	10%
Northern Rockies	6%	4%	0%	21%	12%	14%
California & Nevada	6%	4%	0%	5%	24%	43%
Pacific Northwest	6%	0%	8%	5%	24%	19%
<u>SITE CHARACTERISTICS</u>						
Number of Beds at Base	12	89	148	2,103	1,693	2,464
Number of Beds (10 Miles)	1,058	1,161	9,501	4,995	3,568	4,618
With Snowmaking	65%	92%	92%	84%	44%	43%
With Night Skiing	59%	71%	33%	11%	32%	19%
Terrain: Beginner	33%	25%	28%	20%	23%	25%
Intermediate	49%	52%	46%	48%	50%	48%
Expert	18%	23%	26%	32%	27%	27%
<u>BUSINESS CHARACTERISTICS</u>						
Operating With USFS Permit	34%	17%	25%	79%	80%	67%
Engaged in Land Development	6%	33%	46%	47%	36%	30%

TABLE 73 (Continued)

AVERAGE SKI AREA CHARACTERISTICS—BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	57	89	97	130	145	162
Average Peak Day Crowd	1,655	2,746	3,327	4,014	5,283	7,107
Average Skier Visits (000)	33	87	126	220	277	364
Average Age of Ski Areas	29 years	25 years	21 years	22 years	25 years	22 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	\$11.33	\$12.65	\$13.54	\$15.30	\$15.22	\$16.00
Average Lift Ticket Revenue/Skier Visit	\$ 9.30	\$ 9.34	\$10.95	\$13.24	\$13.25	\$13.96
Average Adult Lift Ticket Price	\$14.10	\$15.26	\$16.75	\$18.13	\$16.63	\$17.71
(Weekend)	\$11.13	\$12.66	\$14.38	\$17.16	\$15.56	\$17.38
(Weekday)						
Average Night Ticket Price	\$ 8.30	\$ 9.59	\$11.25	\$ 9.50	\$ 8.31	\$ 7.25
(Weekend)	\$ 7.50	\$ 8.94	\$10.25	\$ 9.50	\$ 8.13	\$ 7.25
(Weekday)	\$ 215	\$ 264	\$ 300	\$ 410	\$ 343	\$ 401
Average Adult Season Ticket Price	38%	44%	52%	43%	40%	32%
Average Utilization	\$ (98)	\$ (160)	\$ (657)	\$ 145	\$ 945	\$ 183
Average Profit (Loss) Before Tax	25%	34%	31%	39%	49%	46%
Ratio: Revenue/GFA	(17)	(24)	(12)	(19)	(25)	(21)
Base						

TABLE 74
ECONOMIC RATIOS—BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
VTF/Hour (000)	2,062	3,060	4,021	7,295	8,041	11,238
VTF/Hour - Demand/Skier Visit	1,367	1,390	1,641	1,805	1,683	1,583
Skier Capacity	1,508	2,202	2,450	4,041	4,778	7,097
Days/Nights of Operation	57	89	97	130	145	162
Season Capacity (000)	86	197	241	515	691	1,139
Actual Skier Visits (000)	33	87	126	220	277	364
Profit (Loss) Before Tax (000)	\$ (98)	\$ (160)	\$ (657)	\$ 145	\$ 945	\$ 183
Plus: Depreciation (000)	\$ 74	\$ 210	\$ 503	\$ 581	\$ 598	\$ 1,046
Before Tax Cash Flow (000)	\$ (24)	\$ 50	\$ (154)	\$ 726	\$ 1,543	\$ 1,229
Operating Profit (Loss) (000)	\$ (32)	\$ (9)	\$ (300)	\$ 524	\$ 1,304	\$ 665
Cash Operating Costs (000)	\$ 360	\$ 1,100	\$ 1,564	\$ 2,659	\$ 3,028	\$ 4,494
Gross Fixed Assets (000)	\$ 1,622	\$ 3,853	\$ 5,633	\$ 9,770	\$ 10,098	\$ 13,502
Long Term Debt (000)	\$ 595	\$ 959	\$ 2,825	\$ 3,702	\$ 4,174	\$ 5,205
Equity (000)	\$ 353	\$ 671	\$ 1,287	\$ 5,558	\$ 4,760	\$ 5,920
Critical Ratios						
Health (Debt to Cash Flow)	-	-	-	5.10X	2.71X	4.24X
Profitability:						
Operating Profit on GFA	Loss	Loss	Loss	5.36%	12.91%	4.93%
Profit (Before Tax) on Equity	Loss	Loss	Loss	2.61%	19.85%	3.09%
Performance:						
Average Utilization	38.37%	44.16%	52.28%	42.72%	40.09%	31.96%
Days/Nights of Operation	57	89	97	130	145	162
Policy & Planning:						
Capital/Capacity Ratio	\$1,076	\$1,750	\$2,299	\$2,418	\$ 2,113	\$ 1,902
Operating/Capacity Ratio	\$ 4.19	\$ 5.58	\$ 6.49	\$ 5.16	\$ 4.38	\$ 3.95
Revenue/Skier Visit:						
Ski Lift Gross	\$ 9.30	\$ 9.34	\$10.95	\$13.24	\$ 13.25	\$ 13.96
Ski School Margin	\$.26	\$.51	\$.74	\$.60	\$.47	\$.35
Food Service Margin	\$.23	\$.65	\$.62	\$.55	\$.66	\$.52
Bar Margin	\$.20	\$.34	\$.22	\$.15	\$.24	\$.24
Ski Shop Margin	\$.14	\$.29	\$.14	\$.20	\$.18	\$.41
Ski Rental Margin	\$ 1.01	\$ 1.02	\$.62	\$.36	\$.31	\$.47
Other Margin	\$.19	\$.50	\$.25	\$.20	\$.11	\$.05
Total - Revenue/Skier Visit	\$11.33	\$12.65	\$13.54	\$15.30	\$ 15.22	\$ 16.00
Base	(17)	(24)	(12)	(19)	(25)	(21)

TABLE 75

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Gross Fixed Assets	\$1,622	\$3,853	\$5,633	\$9,770	\$10,098	\$13,502
Revenue:						
Ski Lift Gross - Winter	\$ 308	\$ 817	\$1,384	\$2,919	\$ 3,671	\$ 5,076
Ski Lift Gross - Summer	0	5	0	42	34	42
Supporting Margin - Winter	67	302	345	465	599	826
Supporting Margin - Summer	12	133	41	9	(6)	44
Year Round Margin	15	44	(3)	329	632	217
TOTAL REVENUE	\$ 402	\$1,301	\$1,767	\$3,764	\$ 4,930	\$ 6,205
Less:						
Ski Lift Direct Expense	\$ 89	\$ 238	\$ 467	\$ 908	\$ 1,052	\$ 1,292
Payroll Taxes	20	66	64	144	101	248
Property Operation	37	147	125	240	293	395
OPERATIONS MARGIN	\$ 256	\$ 850	\$1,111	\$2,472	\$ 3,484	\$ 4,270
Less:						
General & Administrative	\$ 90	\$ 236	\$ 306	\$ 582	\$ 749	\$ 1,404
Marketing (advertising, public relations, promotion, etc.)	21	104	135	316	245	348
Insurance (property, liability)	30	76	68	115	127	231
Land Use Fees (public)	3	24	11	74	91	147
Land Use Fees (private)	21	8	12	30	3	48
Property Taxes	10	30	42	74	88	113
Other Taxes (except income)	3	16	94	16	95	112
Snowmaking	33	132	227	119	102	103
Snow Removal	2	3	3	6	25	27
Miscellaneous	1	20	10	35	57	26
Depreciation & Amortization	74	210	503	581	598	1,046
OPERATING PROFIT (LOSS)	\$ (32)	\$ (9)	\$ (300)	\$ 524	\$ 1,304	\$ 665
Less: Interest	66	151	357	379	359	482
PROFIT (LOSS) BEFORE TAX	\$ (98)	\$ (160)	\$ (657)	\$ 145	\$ 945	\$ 183
Base	(17)	(24)	(12)	(19)	(25)	(21)

TABLE 78

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SKI LIFT GROSS: Revenue (Winter)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
LESS:						
Ski Lift Payroll	9.71%	6.76%	7.76%	6.49%	7.52%	5.20%
Ski Patrol Payroll	1.47	1.49	4.17	4.67	3.15	2.86
Slope Maintenance Payroll	1.76	2.19	4.04	2.44	2.19	2.55
Maintenance & Repair Payroll	4.06	6.01	5.13	4.17	3.77	3.70
Ticket Sales Payroll	2.07	1.12	1.51	1.58	1.71	1.31
Other Payroll	0.99	2.16	1.83	1.10	1.27	1.05
TOTAL PAYROLL	20.06%	19.73%	24.44%	20.45%	19.61%	16.67%
OTHER DIRECT	9.56%	9.90%	12.88%	9.50%	8.17%	7.72%
GROSS MARGIN	70.38%	70.37%	62.68%	70.05%	72.22%	75.61%
Base	(13)	(17)	(8)	(18)	(20)	(19)

TABLE 79

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEET
BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
<u>Assets</u>						
Current Assets	\$ 94	\$ 256	\$ 480	\$ 1,062	\$ 1,287	\$ 2,553
Gross Fixed Assets	1,659	3,740	6,049	9,771	10,098	13,502
Less: Depreciation	(712)	(1,673)	(2,007)	(2,601)	(3,166)	(4,504)
Other Assets	45	84	238	2,775	2,537	2,131
TOTAL ASSETS	\$1,086	\$2,407	\$4,760	\$11,007	\$10,756	\$13,682
<u>Liabilities & Net Worth</u>						
Current Liabilities	\$ 128	\$ 635	\$ 468	\$ 1,115	\$ 1,039	\$ 2,255
Long-Term Debt	521	910	2,763	2,818	3,813	3,236
Subordinated Debt	74	49	62	884	361	1,969
Deferred Taxes	3	77	15	29	325	270
Other Liabilities	7	65	165	603	458	32
Net Worth						
Invested	276	361	1,595	3,609	2,054	3,388
Retained Earnings	77	310	(308)	1,949	2,706	2,532
TOTAL LIABILITIES & NET WORTH	\$1,086	\$2,407	\$4,760	\$11,007	\$10,756	\$13,682
Base	(15)	(22)	(11)	(19)	(25)	(21)

IX

CHARACTERISTICS OF SKI AREAS WITH SNOWMAKING AND NIGHT SKIING OPERATIONS

For the seventh year, the study includes an additional chapter with an analysis of those respondents with snowmaking capability, and those that operate at night. This chapter presents this added data with a brief discussion of the major findings. The tables (Tables 80-89) follow the text.

Snowmaking ski areas averaged 5.6 percent operating profit on GFA, compared to the ski industry average of 5.7 percent. Snowmaking is required east of the Rockies and this past season again illustrated this. Over ninety percent of the respondents in New England, the East and Midwest have machine snowmaking. There are 31 snowmaking ski areas in the Rockies and the West, or 47 percent of the ski areas responding from those geographic areas. This is up from last year's 45 percent. These 47 percent earned a 7.9 percent operating profit on GFA, whereas the remaining 53 percent reported an average of 5.7 percent operating profits on GFA.

These operations have been evaluated using the rule of thumb measure discussed in Chapter III.

	<u>Total Revenue to GFA</u>		<u>Percent Utilization</u>		<u>Factor</u>	<u>Judgment</u>
All Ski Areas	42%	÷	38%	=	1.11	Adequate
All Snowmaking	41	÷	44	=	0.93	Adequate
New England Snowmaking	39	÷	40	=	0.98	Adequate
East and Midwest Snowmaking	35	:	44	=	0.80	Poor
Rockies and West Snowmaking	43	:	45	=	0.96	Adequate
All Night Operations	43	:	36	=	1.19	Good

Night operations were again separated. Night skiing effectively doubles the potential earning power with only cursory additions to capital. The economic characteristics of ski areas with night skiing are excellent. Earning power increases in spite of a significant drop in revenue per skier visit. Ski areas with night operations averaged a 4.7 percent return on GFA with only a 36 percent utilization, while the overall average ski area made 5.7 percent return at a 38 percent utilization rate.

The 1982-83 survey contains data concerning snowmade coverage, hours of operation and operating costs. Tables 87 and 88 summarize this data. The average ski area with snowmaking capability covers 94 acres or 24.3 percent of the developed slopes and trails. The East and Midwest regions cover 86.1 percent, and New England 58.0 percent, while only 10.8 percent of the Rockies and Western snowmade ski areas are machine covered. All of these percentages are up from last year indicating that ski areas in all regions are adopting or expanding their reliance on snowmaking.

Similarly the 45 ski areas with lights for night skiing cover an average of only 87 acres or 22.5 percent of the developed acreage. This is also an increase over last year.

Snowmaking Costs

In an effort to establish some standard measure of snowmaking efficiency the authors have summarized reported expenses in costs per acre hour of snowmaking. An acre hour is the product of coverage (acres) and hours of system operations. Survey respondents were asked to supply acres of snowmaking coverage, hours of system operation, and operating costs broken into labor, power, maintenance, and other categories. Table 89 summarizes the results of this initial measure. The cost per acre/hour was down in New England, and the Rockies and West, but up in the East and Midwest.

AVERAGE SKI AREA CHARACTERISTICS
SKI AREAS WITH SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
<u>SIZE</u>					
VTF/Hour (000)	6,305	3,035	8,979	6,033	4,327
Gross Fixed Assets (000)	\$7,946	\$4,328	\$12,938	\$8,433	\$4,517
Skiable Acres	193	108	780	387	532
<u>LOCATION</u>					
Within 50 Miles of SMSA	12%	31%	26%	20%	31%
With 6+ Areas in 1 Hour	77%	9%	30%	32%	16%
New England	100%	-	-	21%	7%
East	-	56%	-	23%	31%
Midwest	-	44%	-	18%	29%
Central Rockies	-	-	55%	21%	2%
Northern Rockies	-	-	16%	6%	11%
California & Nevada	-	-	23%	9%	7%
Pacific Northwest	-	-	6%	2%	13%
<u>SITE CHARACTERISTICS</u>					
Number of Beds at Base	445	334	2,522	1,200	229
Number of Beds (10 Miles)	3,189	1,530	8,993	4,803	1,415
With Snowmaking	100%	100%	100%	100%	76%
With Night Skiing	12%	59%	16%	29%	100%
Terrain: Beginner	28%	27%	23%	26%	26%
Intermediate	49%	51%	46%	48%	50%
Expert	22%	22%	31%	26%	24%
<u>BUSINESS CHARACTERISTICS</u>					
Operating With USFS Permit	40%	17%	96%	72%	71%
Engaged in Land Development	53%	39%	37%	41%	29%
<u>OPERATIONAL CHARACTERISTICS</u>					
Avg. Days/Nights of Operation	80	92	139	108	116
Average Peak Day Crowd	4,618	2,973	5,049	4,127	3,552
Average Skier Visits (000)	159	98	308	192	138
Average Age of Ski Areas	28 years	22 years	21 years	23 years	25 years
<u>ECONOMIC CHARACTERISTICS</u>					
Average Revenue/Skier Visit	\$15.96	\$13.13	\$16.04	\$15.44	\$12.53
Avg. Lift Ticket Revenue/S-V	\$12.94	\$10.01	\$14.27	\$13.17	\$10.25
Avg. Adult Lift Ticket Price					
(Weekend)	\$18.77	\$15.78	\$17.94	\$17.25	\$15.22
(Weekday)	\$15.93	\$12.34	\$17.70	\$15.15	\$12.77
Average Night Ticket Price					
(Weekend)	\$10.33	\$ 9.29	\$ 7.00	\$ 9.84	\$ 9.01
(Weekday)	\$ 9.67	\$ 8.48	\$ 7.00	\$ 8.37	\$ 8.47
Avg. Adult Season Ticket Price	\$ 382	\$ 258	\$ 405	\$ 339	\$ 268
Average Utilization	40%	44%	45%	44%	36%
Avg. Profit (Loss) Before Tax	(59)	(146)	\$ 526	\$ 133	\$ 51
Ratio: Revenue/GFA	39%	35%	43%	41%	43%
Base	(17)	(32)	(31)	(80)	(45)

TABLE 81
ECONOMIC RATIOS—SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
VTF/Hour (000)	6,305	3,035	8,979	6,033	4,327
VTF/Hour - Demand/Skier Visit	1,500	1,301	1,861	1,632	1,477
Skier Capacity	4,203	2,333	4,826	3,696	2,930
Days/Nights of Operation	80	92	139	108	116
Season Capacity (000)	395	221	690	440	388
Actual Skier Visits (000)	159	98	308	192	138
Profit (Loss) Before Tax (000)	\$ (59)	\$ (146)	\$ 526	\$ 133	\$ 51
Plus: Depreciation (000)	\$ 446	\$ 252	\$ 880	\$ 537	\$ 269
Before Tax Cash Flow (000)	\$ 387	\$ 106	\$ 1,406	\$ 670	\$ 320
Operating Profit (Loss) (000)	\$ 224	\$ 61	\$ 1,021	\$ 468	\$ 214
Cash Operating Costs (000)	\$2,395	\$1,190	\$3,685	\$2,411	\$1,455
Gross Fixed Assets (000)	\$7,946	\$4,328	\$12,938	\$8,433	\$4,517
Long Term Debt (000)	\$2,835	\$1,515	\$5,832	\$3,480	\$1,148
Equity (000)	\$2,519	\$1,216	\$7,137	\$3,811	\$1,235
Critical Ratios					
Health (Debt to Cash Flow)	7.33X	14.29X	4.15X	5.19X	3.59X
Profitability:					
Operating Profit on GFA	2.82%	1.41%	7.89%	5.55%	4.74%
Profit (BT) on Equity	Loss	Loss	7.37%	3.49%	4.13%
Performance:					
Average Utilization	40.25%	44.34%	44.64%	43.64%	35.57%
Days/Nights of Operation	80	92	139	108	116
Policy & Planning:					
Capital/Capacity Ratio	\$1,891	\$1,855	\$2,681	\$2,282	\$1,542
Operating/Capacity Ratio	\$ 6.06	\$ 5.38	\$ 5.34	\$ 5.48	\$ 3.75
Revenue/Skier Visit:					
Ski Lift Gross	\$12.94	\$10.01	\$14.27	\$13.17	\$10.25
Ski School Margin	\$.44	\$.61	\$.62	\$.59	\$.46
Food Service Margin	\$.82	\$.73	\$.58	\$.65	\$.51
Bar Margin	\$.43	\$.40	\$.13	\$.24	\$.33
Ski Shop Margin	\$.58	\$.22	\$.14	\$.23	\$.20
Ski Rental Margin	\$.56	\$.98	\$.32	\$.50	\$.68
Other Margin	\$.19	\$.18	\$ (.02)	\$.06	\$.10
Total - Revenue/Skier Visit	\$15.96	\$13.13	\$16.04	\$15.44	\$12.53
Base	(17)	(32)	(31)	(80)	(45)

TABLE 82

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations (000)
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	
Gross Fixed Assets	\$7,946	\$4,328	\$12,938	\$8,433	\$4,517
Revenue:					
Ski Lift Gross - Winter	\$2,055	\$ 977	\$4,399	\$2,532	\$1,410
Ski Lift Gross - Summer	48	1	39	25	14
Supporting Margin - Winter	594	351	558	483	352
Supporting Margin - Summer	114	91	(26)	49	96
Year Round Margin	<u>254</u>	<u>83</u>	<u>616</u>	<u>327</u>	<u>66</u>
TOTAL REVENUE	\$3,065	\$1,503	\$5,586	\$3,416	\$1,938
Less:					
Ski Lift Direct Expense	\$ 472	\$ 243	\$1,329	\$ 712	\$ 398
Payroll Taxes	183	58	149	120	96
Property Operation	<u>438</u>	<u>139</u>	<u>248</u>	<u>244</u>	<u>200</u>
OPERATIONS MARGIN	\$1,972	\$1,063	\$3,860	\$2,340	\$1,244
Less:					
General & Administrative	\$ 433	\$ 285	\$ 910	\$ 559	\$ 320
Marketing (advertising, public relations, promotion, etc.)	305	128	323	241	119
Insurance (property, liability)	90	75	135	102	85
Land Use Fees (public)	60	11	119	63	26
Land Use Fees (private)	0	7	56	25	27
Property Taxes	42	28	120	67	37
Other Taxes (except income)	66	31	98	64	14
Snowmaking	261	165	120	168	113
Snow Removal	12	1	23	12	7
Miscellaneous	33	19	55	34	13
Depreciation & Amortization	<u>446</u>	<u>252</u>	<u>880</u>	<u>537</u>	<u>269</u>
OPERATING PROFIT (LOSS)	\$ 224	\$ 61	\$1,021	\$ 468	\$ 214
Less: Interest	<u>283</u>	<u>207</u>	<u>495</u>	<u>335</u>	<u>163</u>
PROFIT (LOSS) BEFORE TAX	\$ (59)	\$ (146)	\$ 526	\$ 133	\$ 51
Base	(17)	(32)	(31)	(80)	(45)

TABLE 83

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Gross Fixed Assets				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:					
Ski Lift Gross - Winter	25.86%	22.57%	34.00%	30.02%	31.22%
Ski Lift Gross - Summer	0.60	0.02	0.30	0.30	0.31
Supporting Margin - Winter	7.48	8.11	4.31	5.73	7.79
Supporting Margin - Summer	1.43	2.10	(0.20)	0.58	2.13
Year Round Margin	<u>3.20</u>	<u>1.93</u>	<u>4.77</u>	<u>3.88</u>	<u>1.45</u>
TOTAL REVENUE	38.57%	34.73%	43.18%	40.51%	42.90%
Less:					
Ski Lift Direct Expense	5.94%	5.61%	10.27%	8.44%	8.81%
Payroll Taxes	2.30	1.34	1.15	1.42	2.13
Property Operation	<u>5.51</u>	<u>3.22</u>	<u>1.93</u>	<u>2.90</u>	<u>4.42</u>
OPERATIONS MARGIN	24.82%	24.56%	29.83%	27.75%	27.54%
Less:					
General & Administrative	5.45%	6.59%	7.03%	6.63%	7.08%
Marketing (advertising, public relations, promotion, etc.)	3.84	2.96	2.50	2.86	2.63
Insurance (property, liability)	1.13	1.73	1.04	1.21	1.88
Land Use Fees (public)	0.76	0.25	0.92	0.75	0.58
Land Use Fees (private)	0.00	0.16	0.43	0.30	0.60
Property Taxes	0.53	0.65	0.93	0.80	0.82
Other Taxes (except income)	0.83	0.72	0.75	0.76	0.31
Snowmaking	3.28	3.81	0.93	1.99	2.50
Snow Removal	0.15	0.02	0.18	0.14	0.15
Miscellaneous	0.42	0.44	0.43	0.40	0.29
Depreciation & Amortization	<u>5.61</u>	<u>5.82</u>	<u>6.80</u>	<u>6.36</u>	<u>5.96</u>
OPERATING PROFIT (LOSS)	2.82%	1.41%	7.89%	5.55%	4.74%
Less: Interest	<u>3.56</u>	<u>4.78</u>	<u>3.82</u>	<u>3.97</u>	<u>3.61</u>
PROFIT (LOSS) BEFORE TAX	(0.74)%	(3.37)%	4.07%	1.58%	1.13%
Base	(17)	(32)	(31)	(80)	(45)

TABLE 84

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Revenue				
	Snowmaking			All	With Night Operations
	New England	East & Midwest	Rockies & West		
Revenue:					
Ski Lift Gross - Winter	67.05%	65.00%	78.75%	74.12%	72.76%
Ski Lift Gross - Summer	1.57	0.07	0.70	0.73	0.72
Supporting Margin - Winter	19.38	23.35	9.99	14.14	18.16
Supporting Margin - Summer	3.72	6.05	(0.47)	1.43	4.95
Year Round Margin	<u>8.28</u>	<u>5.53</u>	<u>11.03</u>	<u>9.58</u>	<u>3.41</u>
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%
Less:					
Ski Lift Direct Expense	15.40%	16.17%	23.79%	20.84%	20.54%
Payroll Taxes	5.97	3.86	2.67	3.51	4.95
Property Operation	<u>14.29</u>	<u>9.24</u>	<u>4.44</u>	<u>7.15</u>	<u>10.32</u>
OPERATIONS MARGIN	64.34%	70.73%	69.10%	68.50%	64.19%
Less:					
General & Administrative	14.13%	18.96%	16.29%	16.36%	16.51%
Marketing (advertising, public relations, promotion, etc.)	9.95	8.52	5.78	7.06	6.14
Insurance (property, liability)	2.94	4.99	2.42	2.99	4.39
Land Use Fees (public)	1.96	0.73	2.13	1.84	1.34
Land Use Fees (private)	0.00	0.47	1.00	0.73	1.39
Property Taxes	1.37	1.86	2.15	1.96	1.91
Other Taxes (except income)	2.15	2.06	1.75	1.87	0.72
Snowmaking	8.52	10.98	2.15	4.92	5.83
Snow Removal	0.39	0.07	0.41	0.35	0.36
Miscellaneous	1.08	1.26	0.99	1.00	0.68
Depreciation & Amortization	<u>14.54</u>	<u>16.77</u>	<u>15.75</u>	<u>15.72</u>	<u>13.88</u>
OPERATING PROFIT (LOSS)	7.31%	4.06%	18.28%	13.70%	11.04%
Less: Interest	<u>9.23</u>	<u>13.77</u>	<u>8.86</u>	<u>9.81</u>	<u>8.41</u>
PROFIT (LOSS) BEFORE TAX	(1.92)%	(9.71)%	9.42%	3.89%	2.63%
Base	(17)	(32)	(31)	(80)	(45)

TABLE 85

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking			All	With Night Operations
	New England	East & Midwest	Rockies & West		
SKI LIFT GROSS:					
Revenue (Winter)	100.00%	100.00%	100.00%	100.00%	100.00%
LESS:					
Ski Lift Payroll	6.07%	6.20%	6.62%	6.47%	6.56%
Ski Patrol Payroll	2.09	1.37	3.94	3.30	2.32
Slope Maintenance Payroll	1.70	2.22	2.53	2.35	2.21
Maintenance & Repair Payroll	2.85	3.86	4.02	3.80	4.62
Ticket Sales Payroll	1.04	1.24	1.67	1.51	1.26
Other Payroll	0.51	1.27	1.58	1.36	1.12
TOTAL PAYROLL	14.26%	16.16%	20.36%	18.79%	18.09%
OTHER DIRECT	6.38%	8.17%	8.89%	8.37%	8.94%
GROSS MARGIN	79.36%	75.67%	70.75%	72.84%	72.97%
Base	(15)	(20)	(28)	(63)	(32)

TABLE 86

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	(000)
<u>Assets</u>					
Current Assets	\$1,022	\$ 354	\$ 2,179	\$1,206	\$ 441
Gross Fixed Assets	8,326	4,420	13,333	8,709	4,586
Less: Depreciation	(2,997)	(1,630)	(3,595)	(2,675)	(2,110)
Other Assets	<u>849</u>	<u>324</u>	<u>3,604</u>	<u>1,723</u>	<u>317</u>
TOTAL ASSETS	\$7,200	\$3,468	\$15,521	\$8,963	\$3,234
<u>Liabilities & Net Worth</u>					
Current Liabilities	\$1,182	\$ 592	\$ 1,810	\$1,189	\$ 686
Long-Term Debt	1,831	1,380	5,177	2,968	899
Subordinated Debt	1,004	135	655	512	249
Deferred Taxes	165	59	273	165	96
Other Liabilities	499	86	469	318	69
Net Worth					
Invested	1,405	731	4,475	2,342	630
Retained Earnings	<u>1,114</u>	<u>485</u>	<u>2,662</u>	<u>1,469</u>	<u>605</u>
TOTAL LIABILITIES & NET WORTH	\$7,200	\$3,468	\$15,521	\$8,963	\$3,234
Base	(15)	(31)	(30)	(76)	(44)

TABLE 87

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
SKI AREAS WITH SNOWMAKING

	New England	East & Midwest	Rockies & West	All
Average Skiable Acres	193	108	780	387
Average Snowmade Acres Proportion	112 58.0%	93 86.1%	84 10.8%	94 24.3%
Average Snowmade Capacity	2,438	2,008	521	898
Average Density/Snowmade	22/acre	22/acre	6/acre	10/acre
Base	(17)	(32)	(31)	(80)

TABLE 88

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
AREAS WITH NIGHT SKIING AND SNOWMAKING

	Snowmaking			All Areas With Night Skiing
	New England	East & Midwest	Rockies & West	
Average Skiable Acres	193	108	780	387
Average Lighted Acres Proportion	68 35.2%	73 67.6%	49 6.3%	87 22.5%
Average Night Capacity	1,650	2,121	1,398	1,625
Average Night Density	24/acre	29/acre	29/acre	19/acre
Base	(3)	(26)	(5)	(45)

TABLE 89
SNOWMAKING COST ANALYSIS, 1982-83

	New England	East & Midwest	Rockies & West	Total Sample
Labor (000)	\$ 71.9	\$ 34.7	\$ 40.2	\$ 44.7
Power (000)	129.8	86.3	56.0	83.8
Maintenance (000)	38.9	26.6	8.5	22.2
Other (000)	<u>20.1</u>	<u>17.0</u>	<u>15.7</u>	<u>17.3</u>
Total (000)	\$260.7	\$164.6	\$120.4	\$168.0
Acres Covered	112	93	84	94
Hours Operated	1,333	876	526	835
Average Cost/Acre Hour	\$ 1.75	\$ 2.02	\$ 2.72	\$ 2.14
Base	(17)	(32)	(31)	(80)

COMMENTS FROM SKI AREAS

The questionnaire asked respondents to provide comments on the season: What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1982-83 season? The answers to this question are reported verbatim in this chapter. They have been arranged by geographic area to make them more meaningful.

EAST

Number of operating days were one-half normal.

It was a year of battling back from disappointment after disappointment, but with hard work, dedicated employees, and long hours we made it successful and profitable.

Our first year of Phase I snowmaking did not bring anticipated skier revenue because of a mild, rainy winter. Our skier visits were not representative of conditions we offered because of skier "weather gloom." We operated 72 days with snowmaking; without it we would have operated 12 days at most.

Warm, rain until mid-January. Lost mountain snow twice before mid-January. Snowmaking kept us going!

Poor weather early in season cost us the important Christmas holiday week as well as dampening the spirits of a lot of would-be skiers. The impact of this may be twofold in that we lost the sales in 1982-1983 and we have failed to add much to our new skiers' market. Otherwise dedication to snowmaking and grooming made us some good skier friends for next year.

Poorest year from standpoint of weather conditions. Warmest early winter on record with heavy rains. The large number of inversions had a devastating effect on us until early February. Conversely, March and April were the other extreme. It snowed frequently (50 inches in March) while it rained just below our base elevation. It came too late for a profitable season.

Gunstock had a very poor season. We skied 25 days less than an average year and 30,000 less skiers than average. Snowmaking to the top of the mountain saved us from a complete washout.

The season was extraordinarily poor weather-wise. On 10 occasions normal weather cycles were interrupted with 3 to 6 day above normal temperatures and rain. Snowfall was the third lowest in over 80 years of local weather station record keeping. Snowmaking efforts had to be confined to the maintenance of seven or eight trails. At no time in the year were all mountain trails open. Reasonable results stemmed from more effective snowmaking than some of our competition.

1982-83 was the first season under new ownership. Terrain had been expanded during fall of '82 and 30 acres of snowmaking installed (first ever at T.R.). Snowmaking was not completed until January 1. We opened on January 7 with one trail of machine-made snow. No natural snow fell til January 15. We had only 3 significant snow storms, much rain and very poor snowmaking weather for most of the winter. Also water shortage problems hampered effective snowmaking. Lack of funds for marketing and high ticket prices also affected our skier visit totals.

Weather: received a seasonal total of 42" of snow; received 11 *major* rain storms between Thanksgiving and March 20, usually coming one per week; 5 days during Christmas week temperatures in the 50s.

Unusually poor weather/snow conditions minimized effect of new lift and trail construction.

No natural snowfall until mid-January. Only one major storm thereafter. Temperatures unsuited for snowmaking most of the time. Closed for season mid-March.

Very poor snow year in which we were able to increase our market impact as compared to our competition, although the economic results were very unfavorable. We see strong potential for increased SD overall and particular emphasis will be on night skiing.

This season began with the warmest November and December and the least amount of natural snowfall since the 79-80 season. Snowmaking and grooming were extremely difficult and the season was off to a disastrous start. February rebounded with good snowfall and cold temperatures, but the remainder fell back into the same general weather pattern. The economy was also slow in its recovery. All in all a rotten season.

The fiscal year ended April 20, 1983 showed a substantial drop in skier visits and net operating income. The cause was an abnormally mild winter. Summer revenues declined only slightly but winter income was down by more than \$200,000, despite increased prices. Excluding interest, total revenues were lower by \$252,668 (about 4 percent) and costs increased \$373,008 (over 7 percent). The cost increases were caused by inflation, expansion, and addition of supervisory personnel necessitated by earlier expansion. The cost increase would have been greater but for the exceptionally warm weather which caused some cost reductions, principally from substantially fewer snowmaking hours.

Completely shut down Christmas week. Winter did not begin until mid-January.

We built a new restaurant, rental shop and picnic area. Added all new rental equipment. Doubled the uphill water capacity for snowmaking and added 1 Hedco and many new air-water guns. We also added 3 new slopes. The weather was unseasonably warm with much rainfall. Snowmaking efforts increased dramatically in order to provide adequate skiing, but business was off 30 percent.

We purchased a new snow cat with powertiller, which yielded better grooming in varying surface conditions (the only major capital improvements for '82-'83). We felt skiers were more price conscious and resisted our \$2.00 increase on all lift tickets, thus hurting our attendance. Weather conditions, especially early season and late season were quite damaging during '82-'83.

Unusually mild weather gave us the shortest season in 11 seasons. Closed three days during the Christmas holiday week.

Unquestionably warmest winter and worst weather in our 36 year history. We had overkill in snowmaking and made snow more aggressively than ever. As a result, skier visit count equals our best season, gross up just slightly over our best season. Bottom line positive but thin because of high snowmaking cost. We are proud of our accomplishment and hope we never have to do it again.

We opened on schedule in early December. However, due to warm weather we closed from December 27 to the 30th. The warm weather caused us to open the entire mountain later than normal and shortened the season in March.

Very mild winter. Closed for most of Christmas holiday. Poor conditions for most of winter. Closed lifts for several days at a time. 1982 summer not very seasonable except for July. Skier and summer visits affected negatively by both weather and recession.

We did not have a good Christmas week because of warm weather and no snow. We saw an increase in night business.

Upgraded the rental shop from 1,600 pair to 2,200 pair of new ski boots, bindings, and poles (Look/Nordica 5005 integral), handled more people in rental shop with less employees. Bad season weather-wise. Christmas week averaged 55 degrees and rain. Average temperature Nov. 25 through March 6 was 45.2 degrees day, 29.7 degrees night.

The worst ski season ever for us. Christmas week, which is usually our biggest week, we were closed due to warm weather and lack of snow.

The weather was very erratic in the northeast. The first skiable snowfall (14") did not arrive until January 21, 1983. This hurt our ski area to the point of having to borrow money to finish the season.

MIDWEST

We were forced to set up drastic cost cutting measures due to holding the line with prices, and it worked!

Annual snowfall less than 5", a total of 5 nights below 20 degrees temperatures for snowmaking, coldest night 13 degrees. Despite that, the bottom line is bearable, for which credit has to go to the trusting skier in the fact they came to Paoli Peaks in full force for the few days and especially nights, when we could promise reasonable skiing conditions.

Did not have enough snow to open until January 7, 1983 and closed March 2 for lack of skiers. Snow was very good once we got open but did not have skier participation. Skiers seemed to lack enthusiasm. Raised rates this year.

82-83 was undoubtedly the worst winter in our twenty-two year history. A late start, poor holiday season, marginal January and an early mid-February warm spell made the shortest season on record for us.

The past season was not a good season weatherwise and the big cost was utilities involved in snow-making. Even the paid weather people could not come close on the weather this past season. Besides that, all weathermen should be required to participate in all sports that have to do with weather.

In December of 1982 we had 4 grand openings due to rainstorms and warm spells. Until our first snowstorm in early February, we were running 50 percent behind in attendance from 1981-82. We finished the year 20 percent behind 1981-82 in attendance. The encouraging thing about the season for us is that we are probably going to show a slight profit in a really bad snow year.

December—very warm, open with marginal conditions, entirely machine-made snow, mostly 15-20 percent of slopes open. January & February—no natural snow but favorable weather, very good business. March—stayed open 1 week (longer than we should have), practically no business—very mild.

A new area opened. Weather was very mild in market area. Economy was bad.

Bad weather, no winter. Unknown if area would be operated in 1982-83 season until mid-October. No preseason sales or marketing. We were fighting a bad reputation, both public relations, marketing and operations from former owners/operators.

Warmest year in our history—high mean 31, low mean 17. Compares to average in last 12 years of high 25, low 8. One-half inch of rain on Christmas day. Happy to see season over!!

For us it was the all-time stinker, and we got sick when you reminded us of the 1982-83 season. A total of 8" of natural snow; a complete washout of our snow machine coverage in January, February, and twice in December; complete closing for all of Christmas week due to monsoon; later than ever start of skiing due to hot flashes in December; earliest end of season ever, due to heat wave in February; no skiing in March; only one weekend all season had good weather. This is a partial list.

We did a major expansion: adding a new quadchair and three new slopes. Then we were hit with a very warm winter. We only could open with man-made snow. There was no natural snow at any time during most of the winter. Worst winter ever for our area.

Advance bookings were average, not strong. Mild weather throughout the season contributed to reduced day skier counts and severe declines in package plan guests. We continue to utilize a wide variety of programed activities, and flexible package design and pricing to attract and hold skiers. Our "by the hour" lift rates and Good Time tickets (midweek packages) are exemplary of this. At the heart of our marketing effort is direct mail and concerted efforts at good community and industry relations.

ROCKY MOUNTAIN

This winter saw a mid-November opening on good snow followed by a drought equal to 1976-77 and 1980-82 causing poor attendance and impending disaster. Heavy snow came in February giving us a reprieve and continued through closing. Summer slope grooming and snow farming prevented a bad situation getting worse. As usual the media's over-zealous reporting of poor snow conditions and adverse weather dramatically reduced attendance throughout the season.

Our best season with 106,000 ski days. First year for beer and wine license at snack bar. Major expansions for 83/84—new rental shop building and new snack bar building.

We experienced an excellent snow year, yet we didn't realize a significant increase in skier visits.

Good early season snowfall and December and January Group Business Promotions boosted skier days to a 21.5 percent increase.

Excellent snow conditions did not result in expected increase in skier days as hazardous driving conditions prevented skiers from reaching our resort.

The bad blizzard in Denver at Christmas had a negative effect on our holiday and early January business. Also, two weekend storms on the Front Range in March which closed I-70 held our skier count down considerably for those weekends.

Extremely heavy snowfall in the Denver area during the Christmas season forced the closure of Stapleton Airport and prevented potential skiers from arriving.

We embarked on a heavy marketing campaign, and our revenue increased about as much as our costs. Now we are doing some serious cost-cutting to see if we can turn this place around.

"Blizzard of '82" reduced Christmas groups. Lack of snow through January/February.

Beaver Creek enjoyed a bountiful snow year. Some poorly timed snowfalls prevented many skiers from reaching the resort, while thousands of visitors enjoyed the \$5 lift tickets during the Vail 20th birthday celebrations.

Vail experienced a very good winter, as snowfalls were concerned. However, the heavy snows prevented thousands of guests from getting to Vail for Christmas weekend, as well as some key March weekends. Vail also hosted World Cup races in March, which attracted some of the largest crowds for the American-held Cup races.

We had early snow, opened earlier than planned, with very little snowmaking expense. Although we anticipated a drop from the previous year (because of the economy), we had a healthy increase and an excellent season.

Opened on November 20. By Thanksgiving Day all lifts were in operation and all slopes open and well covered. Greatest-ever early season. We felt we were still under the influence of a very poor economy. Generally the weekend weather from the first of January was far worse than average. Overall, however, it was a better than average season.

Second, only to prior year, in gross revenues. Generally poor snow conditions. New Doppelmeier T-Bar installed. Additional grooming machines purchased and used.

810" snowfall—500" average. Caused road problems.

We had good early snow. Thanksgiving and Christmas holidays were very good. We offered \$6.00 lift, \$6.00 lesson and \$6.00 rental on Monday and Tuesday through January, February, and March. Excellent response! Offered \$5.00 1st timer special—included lift, rental, lesson—good response but a little too inexpensive. Hard to tell if we got 1st timer back for a second time.

Starting with the 1982-83 season, Jackson Hole Ski Corporation started a variable pricing policy whereby adult ticket prices during the regular season were \$20.00 and during the special season were reduced to \$16.00. Additionally a discount card was available instead of season passes at a much reduced rate.

Ownership of Marshall Ski Area changed June 30, 1983. Answers to all questions are being made from material and data available. Employee and financial statistics are limited in some instances. We have no comments to make regarding the 82-83 season except that snowfall was scarce and temperatures warm.

WEST

The 1982-83 season was improved due to better weather (there were more storms, but fewer rain days), plus the benefit derived when competing areas were closed due to avalanches, winds, etc., that did not affect us—we remained open.

Too much snow, especially on weekends.

Unusual amount of snowfall on weekends and holidays which accounted for a decline in skier days for the season.

Our best season in total days, skier days, gross and profitability. "El Nino" could become the patron saint of Southwest skiing.

This year began with major remodeling on our support facilities and the purchase of the food service operation. Then in January we experienced severe snowstorms lasting through April, which resulted in an unprofitable ski season.

Snow came very late in season and we were not open for Christmas vacation or January when we usually have our peak crowds.

Mt. Rose was closed due to bad weather 14 days and in limited operation for 16; i.e., 18 percent of season closed or in limited operation. Also due to tremendous amount of snow highway to the resort was closed a number of times. Total snow 793 inches.

Major expansion of nearly 1-mile-long triple chairlift and 7 new runs helped us off to a good start. From mid-January on, big storms were a detriment, near record snowfall kept skiers away. Late winter saw major mud slides and road closure (2½ months) on main highway to our resort so we were forced to close a month earlier than we expected. Our consistent low rates for high quality facilities and slopes appear to be increasing our volume of business.

Soda Springs Ski Area was operated by totally new management in 82/83 on a weekend and holiday basis. A balance sheet of the area is not available because the premises are leased from KSW Enterprises and the managing company (Sierra Resort Services) has assets and liabilities unrelated to the Soda Springs operations.

Largest snow year in the history of the Sierra; therefore, resulting in higher than usual expenses and lower than normal revenue.

We established a good snow pack before Christmas, but snow storms bombarded us all but two weekends from the middle of January through the remainder of the season.

An additional lift down the road cut off some of our revenue.

The 1982-83 season was noteworthy for an extraordinary amount of snowfall—double the average. Virtually every holiday and most weekends were stormy. Ticket sales were much lower than would have been expected for a bumper snow year.

Longest season ever. New race department. Race series.

Above average snowfall provided for a long operating season which was often brought to a standstill by adverse weather conditions.

The following improvements were made to the facility and the costs are included in (c) other direct: (1) trails were widened and added by 10 percent; (2) a snow grooming vehicle with tiller was rented for the season; (3) the bar was placed in operation; (4) rental shop and retail store was tooled, supplied and owned by company in lieu of concession; (5) gross revenue increased 18 percent.

The local timber industry went into a deep depression (unemployment in our home county hit 22 percent). This caused a drop in local skier usage which made up most of our skier day decrease. Statewide and out-of-state business increased.

Lack of fresh snow past January 1 resulted in a gradual decrease in business as the season progressed. Good early start and excellent Christmas holiday business.

The season started with a bang and early snow. Early skier counts were in excess of previous years. Bad weather in February and March diminished skier interest and slowed down visits resulting in a 4 percent decrease in volume. Costs were up resulting in a lower margin and we detected some price resistance in the regional market.

This year Alpental reduced its ticket prices from \$14.50 on weekends and \$11.00 on weekdays to \$10.00 all tickets. November and December were magnificent (so we do have a price conscious customer). Then the rains came in January and momentum was lost.

Record season through January 1. Then warm weather in Spokane with golf courses open in January reduced attendance. March was especially poor. Down 7 percent in attendance compared to 1981-82.

Constant rain from mid-February on. Closed March 20th instead of April 10th.

New triple chair lift. Discounted mid-week tickets if purchased in Vancouver. Skiing on lower lifts was poor compared to previous year.

APPENDIX A

LIST OF SKI AREAS RESPONDING TO THE NATIONAL SKI AREAS ASSOCIATION ANNUAL ECONOMIC SURVEY, 1982-83 SEASON

This list consists of the 118 ski areas that responded to the annual economic survey and provided complete financial data. The ski areas are listed in alphabetical order by region.

East

Attitash Ski Area
Rt. 302
Bartlett, New Hampshire 03812

Blandford Ski Area
P.O. Box 158
Blandford, Massachusetts 01008

Blue Mountain Resorts and B. M. Peaks
R.R. No. 3
Collingwood, Ontario
Canada L9Y 3Z2

Bryce Resort
P.O. Box 3
Basye, Virginia 22810

Butternut Basin
Gt. Barrington, Massachusetts 01230

Camelback Ski Corporation
Box 168
Tannersville, Pennsylvania 18372

Canaan Valley Resort
Rt. 1, Box 39
Davis, West Virginia 26260

Cataloochee Ski Area
Rt. 1, Box 500
Maggie Valley, North Carolina 28751

Crotched Mountain Ski Area
Mountain Road
Francestown, New Hampshire 03043

Elk Mountain Ski Center, Inc.
R.D. No. 1, Box 258
Union Dale, Pennsylvania 18470

Greek Peak, Inc.
R.D. No. 2, 2000 E. State Road
Cortland, New York 13045

Gunstock
P.O. Box 336
Laconia, New Hampshire 03246

Hidden Valley Highlands Ski Club
Group Box No. 74, R.R. No. 4
Huntsville, Ontario
Canada P0A 1K0

Holiday Valley Resort
P.O. Box A, Holiday Valley Road
Ellicottville, New York 14731

Jiminy Peak, Inc.
Corey Road
Hancock, Massachusetts 01237

Killington Ski Area
Killington Road
Killington, Vermont 05751

King Ridge
King Ridge Road
New London, New Hampshire 03257

Kissing Bridge Corporation
Route 240
Glenwood, New York 14069

Loon Mountain Recreation Corporation
Lincoln, New Hampshire 03251

Mount Snow Ski Resort
Mount Snow (West Dover), Vermont 05356

Mt. Sunapee
Mt. Sunapee, New Hampshire 03772

Mt. Tom Ski Area, Inc.
P.O. Box 1158
Holyoke, Massachusetts 01041

Peek'n Peak Recreation, Inc.
Ye Olde Road
Clymer, New York 14724

Shawnee Mountain, Inc.
P.O. Box 93
Shawnee-on-Delaware, Pennsylvania 18356

Ski Hickory Hill, Inc.
Box 9004
Schenectady, New York 12309

Ski Liberty
Box D, Sanders Road
Fairfield, Pennsylvania 17320

Ski Roundtop
R. D. No. 1, Box 256
Lewisberry, Pennsylvania 17339

Ski Valley Club, Inc.
West Hollow Road
Naples, New York 14512

Ski Windham
Clarence D. Lane Road
Windham, New York 12496

Snowshoe Mountain Resort
P.O. Box 10
Snowshoe, West Virginia 26209

Station Touristique du Mont-Tremblant
Mont-Tremblant, Quebec
Canada JOT 1Z0

Stowe
Mt. Mansfield Company, Inc.
Stowe, Vermont 05672

Sugarloaf/USA
Sugarloaf Mountain
Carrabassett Valley, Maine 04947

Suicide Six Ski Area
Woodstock, Vermont 05091

Swain Ski Center
Swain, New York 14884

Timber Ridge
Rte. 121
Windham, Vermont 05359

Wildcat Mountain
Pinkham Notch
Jackson, New Hampshire 03846

Midwest

Buena Vista
P.O. Box 308
Bemidji, Minnesota 56601

Cascade Mountain, Inc.
Rt. 2, Box 138A
Portage, Wisconsin 53901

Crystal Enterprises, Inc.
dba Crystal Mountain
M-115 at Lindy Road
Thompsonville, Michigan 49683

Indianhead Mountain
Indianhead Mountain Road
Wakefield, Michigan 49968

Mt. Brighton Ski Area
4141 Bauer Rd.
Brighton, Michigan 48116

Pine Mountain
Pine Mountain Rd., Rte. 2
Iron Mountain, Michigan 49801

Rib Mountain Ski Area
Rt. 4, Box 387
Wausau, Wisconsin 54401

Ski Butler
P.O. Box 89
Carrollton, Kentucky 41008

Ski Paoli Peaks
P.O. Box 67
Paoli, Indiana 47454

Skyline Ski Area
Rt. No. 1, Box 1708
Grayling, Michigan 49738

Snow Trails
P.O. Box 1456
Mansfield, Ohio 44901

Spirit Mountain
9500 Spirit Mountain Place
Duluth, Minnesota 55810

Sundown
9000 Asbury Rd.
Dubuque, Iowa 52001

Timber Ridge Ski Area, Inc.
RR 2
Gobles, Michigan 49055

Wilmot Mountain, Inc.
Box 177
Wilmot, Wisconsin 53192

Rocky Mountain

Alta
Alta, Utah 84092

Aspen Mountain
P.O. Box 1248
Aspen, Colorado 81612

Beaver Creek
P.O. Box 7
Vail, Colorado 81658

The Big Mountain
P.O. Box 1215
Whitefish, Montana 59937

Bogus Basin
2405 Bogus Basin Road
Boise, Idaho 83702

Breckenridge
P.O. Box 1058
Breckenridge, Colorado 80424

Bridger Bowl
15795 Bridger Canyon Road
Bozeman, Montana 59715

Buttermilk Mountain Ski Area
P.O. Box 1248
Aspen, Colorado 81612

Copper Mountain, Inc.
P.O. Box 3001
Copper Mountain, Colorado 80443

Crested Butte
P.O. Box A
Mt. Crested Butte, Colorado 81225

Deer Valley
P.O. Box 889
Park City, Utah 84060

Eldora
P.O. Box 430
Nederland, Colorado 80466

Estes Park Ski Area
dba Hidden Valley
P.O. Box 1379
Estes Park, Colorado 80517

Grand Targhee Resort
Alta, Wyoming VIA
Driggs, Idaho 83422

Jackson Hole Ski Corporation
P.O. Box 290
Teton Village, Wyoming 83025

Loveland Basin Ski Areas
P.O. Box 899
Georgetown, Colorado 80444

Marshall Ski Area
5250 Marshall Canyon Road
Missoula, Montana 59802

Monarch Ski Resort
Box SA
Garfield, Colorado 81227

Pajarito Mountain
P.O. Box 155
Los Alamos, New Mexico 87544

Park City Ski Corporation
P.O. Box 39
Park City, Utah 84060

Powder Mountain, Inc.
Box 68
Eden, Utah 84310

Powderhorn Ski Area
P.O. Box 1826
Grand Junction, Colorado 81502

Red Lodge Mountain
Drawer R
Red Lodge, Montana 59068

Sandia Peak Ski Company
10 Tramway Loop NE
Albuquerque, New Mexico 87122

Santa Fe Ski Area
P.O. Box 2287
Santa Fe, New Mexico 87501

Showdown Ski Area
Box 92
Neihart, Montana 59465

Sipapu Ski Area
Rt. Box 29
Vadito, New Mexico 87579

Ski Sunlight, Inc.
P.O. Box 1299
Glenwood Springs, Colorado 81602

Snowmass Ski Area
P.O. Box 1248
Aspen, Colorado 81612

Steamboat Ski Corporation
P.O. Box 771178
Steamboat Springs, Colorado 80477

Taos Ski Valley, Inc.
P.O. Box TSV
Taos Ski Valley, New Mexico 87571

Telluride Ski Resort, Inc.
P.O. Box 307
Telluride, Colorado 81435

Vail
P.O. Box 7
Vail, Colorado 81658

Winter Park Recreational Association
P.O. Box 36
Winter Park, Colorado 80482

Wolf Creek Ski Development
P.O. Box 1036
Pagosa Springs, Colorado 81147

West

Alpental Ski Area
P.O. Box 1038
Snoqualmie Pass, Washington 98068

Alpine Meadows Ski Corporation
P.O. Box AM
Tahoe City, California 95730

Blackcomb Skiing Enterprises
P.O. Box 98
Whistler, B.C.
Canada VON 1B0

Bluewood
Box 88
Dayton, Washington 99328

Boreal Ski Area
P.O. Box 39
Truckee, California 95734

Dodge Ridge Corporation
P.O. Box 1188
Pinecrest, California 95364

49⁰ North
Box 166
Chewelah, Washington 99109

Heavenly Valley Ski Area
P.O. Box 2180
Stateline, Nevada 89449

Kirkwood Associates, Inc.
P.O. Box 1
Kirkwood, California 95646

Lee Canyon Ski Area
1552 Winwood Street
Las Vegas, Nevada 89108

Mammoth Mountain Ski Area
P.O. Box 24
Mammoth Lakes, California 93546

Mission Ridge
P.O. Box 1765
Wenatchee, Washington 98801

Mt. Bachelor, Inc.
P.O. Box 1031
Bend, Oregon 97709

Mt. Baldy Ski Lift
P.O. Box 459
Mt. Baldy, California 91759

Mt. Hood Meadows
P.O. Box 47
Mt. Hood, Oregon 97041

Mt. Reba, Inc.
P.O. Box 5038
Bear Valley, California 95223

Mt. Rose Ski Area
P.O. Box 2406
Reno, Nevada 89505

Mt. Waterman Ski Lifts, Inc.
817 Lynnhaven Lane
La Canada, California 91011

Multorpor Ski Bowl
P.O. Box 87
Government Camp, Oregon 97028

Northstar-At-Tahoe
P.O. Box 129
Truckee, California 95734

Schweitzer, Inc.
P.O. Box 815
Sandpoint, Idaho 83864

Sierra Ski Ranch
Twin Bridges, California 95735

Ski Acres/Snoqualmie Summit
3010 77th Ave. S.E., No. 201
Mercer Island, Washington 98040

Ski Incline
P.O. Drawer AL
Incline Village, Nevada 89450

Ski Sunrise
Table Mountain Road
P.O. Box 645
Wrightwood, California 92397

Soda Springs Ski Area
P.O. Box 67
Soda Springs, California 95728

Squaw Valley USA
P.O. Box 2007
Olympic Valley, California 95730

Stevens Pass, Inc.
P.O. Box 98
Leavenworth, Washington 98826

Sugar Bowl
Norden, California 95724

Timberline Lodge
Timberline Lodge
Timberline, Oregon 97028

Whistler Mountain
P.O. Box 67
Whistler, B.C.
Canada V0N 1B0

APPENDIX B

National Ski Areas Association Annual Economic Survey 1982-83 Season

PLEASE RETURN BY SEPTEMBER 1, 1983

This questionnaire represents the fifteenth economic survey of North American Ski Areas. The response in 1981-82 allowed us to prepare an excellent analysis of the industry. We again solicit your cooperation. Please return it as soon as possible.

The data **must include an entire 12-month period**—the 1982 summer season and the winter season 1982-83. If you wish to send us a copy of your complete financial statement (including supplements), we will complete a questionnaire for you.

The instructions and definitions provided are designed to facilitate the collection of comparable data—please follow them as closely as possible. The definitions are arranged as they appear in the questionnaire.

We have asked you to identify your area for follow-up purposes; however, all information will be kept strictly confidential.

Name of Ski Area _____ Telephone _____
Address _____
City _____ State _____ Zip Code _____
Fiscal Year _____ 19 _____ to _____ 19 _____
Person to contact if further information is required _____
Telephone number where contact person can be reached during September and October _____
Person to whom the final report should be sent _____

1982-83 GENERAL INFORMATION (For Classification Purposes)

1. Ski lift data that you provided in previous surveys is stored on punched cards. If you provided this data last year list only new lifts added and old lifts retired or rebuilt to different capacities. If no changes, please give 1981-82 VTF/Hr total: _____

See Definitions 3-7.

A	B	C	D	E
Lift Type (Please list each lift separately) Definition 3	Year Lift First Operated (Definition 4)	Vertical Drop (Definition 5)	Uphill Capacity in Skiers/Hour (Definition 6)	VTF/Hour (CxD) (Definition 7)

1982-83 Total Area Vertical Transport Feet/Hour

2. Year area first operated _____

3. Does your ski area have snowmaking?
☐ Yes ☐ No

How many hours did you operate snowmaking equipment in 1982-83? _____ Hours

4. What was the total number of skiable and patrolled acres at your ski area in 1982-83:

a) Total skiable and patrolled acres of slopes and trails: _____ acres

b) Acres covered with snowmaking equipment: _____ acres

c) Acres under lights for night skiing: _____ acres

d) Acres under USFS permit: _____ acres

5. Classification of your ski area -- choose one.

☐ **Day Skier Area** (area at which overnight, dining, and after-ski facilities are limited since the area primarily serves a day skier market)

☐ **Weekend Skier Area** (area with substantial overnight accommodations and a variety of dining and entertainment but which primarily serves skiers who stay for a weekend)

☐ **Vacation Destination Skier Area** (area which primarily serves the skier who stays longer than a weekend)

☐ **Weekend Only Area** (area which is open only on weekends)

6. We are seeking an absolute measure of growth in usage. Skier-visits are the universally accepted measure of business volume. Would you provide us with your skier-visit count for the past five ski seasons? (Skier-visits is an actual count and include season ticket use.) (See **Definition 8**).

	Skier-visits	
	Day	Night
1982-83	_____	_____
1981-82	_____	_____
1980-81	_____	_____
1979-80	_____	_____
1978-79	_____	_____

7. We are seeking a measure of your ski area daily and seasonal capacity. Capacity is the product of the number of skiers at one time and the number of time periods. Would you please provide us with the following data?

a) Your peak crowd in 1982-83: _____ skiers at one time

b) Your estimate of your "design" day time skier capacity in 1982-83: _____ skiers at one time

1) Days when **all trails** were skiable and you could handle a full crowd: _____ +

2) Days when **at least half but not all** trails were skiable: _____ +

3) Days when **less than half** of trails were skiable: _____ =

4) Total days of operation in 1982-83: _____

c) If you also operate some lifts and trails at night, your estimate of your "design" night time skier capacity in 1982-83: _____ skiers at one time

1) Number of nights when all night lifts and trails were open and skiable and you could handle a full night time crowd: _____ nights

8. 1982-83 Ticket Price:

Adult Weekend All-Day Ticket \$ _____

Adult Weekday All-Day Ticket \$ _____

Night Weekend Ticket \$ _____

Night Weekday Ticket \$ _____

Single Adult Season Ticket \$ _____

9. Proximity to metropolitan area (SMSA) in miles. (See **Definition 9**.)

☐ 0-24 ☐ 25-49 ☐ 50-74 ☐ 75-99
☐ 100 or More

10. How many ski areas are within 1 hour's driving time of your area:

☐ 0 ☐ 1 ☐ 2-3 ☐ 4-5 ☐ 6 or More

11. Percentage of your terrain in the following categories:

Beginner _____ %

Intermediate _____ %

Expert _____ %

12. Lodging available to ski patrons:

Number of beds at your base area _____

Number of beds within 10 miles of your base area
 (including beds at base) _____

13. Other activities available at your area:

	Physically Available at Area		Available Nearby	
	Yes	No	Yes	No
Toboggan or Sleds	☐	☐	☐	☐
Snowmobile	☐	☐	☐	☐
Skating	☐	☐	☐	☐
Ski Touring	☐	☐	☐	☐
Golf	☐	☐	☐	☐
Tennis	☐	☐	☐	☐
Swimming	☐	☐	☐	☐
Water Sports	☐	☐	☐	☐
Summer Slide	☐	☐	☐	☐
Other: (please specify) _____	☐	☐	☐	☐

14. Ski Area Land Ownership is:

☐ All private land
☐ Partially or wholly public land
☐ U.S.F.S. permit
☐ State/Provincial land lease
☐ Canadian Government land lease
☐ Other (county, etc.)

Percent of slope transport feet (see **Definition 10**) on USFS land _____ %

15. Is your area engaged in land and/or real estate development?

☐ First home residential sites
☐ First homes
☐ Second home residential sites
☐ Second homes
☐ Condominium sites
☐ Condominiums
☐ Commercial sites
☐ Commercial buildings
☐ Not engaged in land development

16. Please give us the average number of employees for each of the categories listed below in 1982-93:

	Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom- modations	Other	Total All Operations
Average day	_____	+ _____	+ _____	+ _____	+ _____	+ _____	+ _____	+ _____	= _____
Peak day	_____	+ _____	+ _____	+ _____	+ _____	+ _____	+ _____	+ _____	= _____

1982-83 Itemized Income Statement for a 12-Month Period _____ 1982 Through _____ 1983
(See Definitions 11-16):

Winter Season Operations

	Ski Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom- modations	Other ¹
Do not have:	()	()	()	()	()	()	()	()
Own and Operate:	()	()	()	()	()	()	()	()
Concession:	()	()	()	()	()	()	()	()
In thousands:	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Revenue — Gross Sales or Concession Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Less: Direct Expenses								
(A) Cost-of-Goods-Sold	_____*		\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
(B) Direct Labor	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
(C) Other Direct ²	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Less: Direct Allocations:								
(D) Payroll Taxes, etc. ³	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
(E) Property Operation ⁴	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
(F) _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equals: GROSS MARGIN:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

* **Detail Lift Department**

Direct Labor: Lift

	(000)
Ski Patrol	\$ _____
Slope Maintenance	\$ _____
Maintenance and Repair	\$ _____
Ticket Sales	\$ _____
Other	\$ _____
Total	\$ _____

¹Other includes Lockers, Nursery, Souvenirs, Coin Machines, Snow Tours, Ice Skating, etc.

²The Utility Dept. is for those ski areas that operate community water, sewer, power, plowing, telephone, garbage collection, etc., services either for a fee or free.

³Misc. includes Interest Income, Timber Sales, and other unconventional undertakings.

⁴Include the depreciation of rental equipment under cost-of-goods-sold instead of the depreciation account. This is because of the general short life of this equipment.

⁵Other Direct Costs to include the utility cost (except snowmaking), repair and maintenance costs, parts and supplies costs, uniform costs, and any other costs that are directly attributable to the departmental operation.

⁶Payroll Taxes and Employee Benefits to include FICA and unemployment taxes, health, disability and workman's compensation insurance, life insurance, pension and profit sharing, vacation and holiday pay, meals, gifts, etc.; may be allocated by department or grouped under the annual totals in accordance with your accounting treatment.

⁷Property Operation to include utilities (except snowmaking power), fuel, gas and oil, vehicle repairs and maintenance, building repairs and maintenance, parking lot operation, grounds maintenance, waste disposal, janitorial, security, heat-light and power, may be allocated by department or grouped under annual totals in accordance with your accounting treatment.

Balance Sheet Information (as of _____ 1983)
(See **Definitions 17-25**)

Please make sure total assets equal total liabilities + net worth. Otherwise the data cannot be used.

(Round to Nearest \$1,000)

Assets

1983

- | | |
|--|-------------------|
| a. Current Assets | \$ _____ |
| b. Gross Fixed Assets (Undepreciated Cost Excluding Land Held for Resale and Overnight Accommodations) | _____ |
| c. Less Accumulated Depreciation | (_____) |
| d. Other Assets (Including Land Held for Resale and Overnight Accommodations) | _____ |
| TOTAL ASSETS | \$ _____ * |

Liabilities and Net Worth

- | | |
|---|-------------------|
| e. Current Liabilities | \$ _____ |
| f. Long Term Debt | |
| 1. Senior Long Term Debt (Secured by Mortgages, Chattels, etc.) | _____ |
| 2. Subordinated Debt | _____ |
| g. Deferred Taxes | _____ |
| h. Other Liabilities | _____ |
| i. Net Worth | |
| 1. Invested Capital | _____ |
| 2. Retained Earnings (Loss) | _____ |
| TOTAL LIABILITIES AND NET WORTH | \$ _____ * |

* Please make sure that these figures are the same.

Finally, what comments do you have on the annual economic survey? What would you like to see added or dropped? What suggestions can you make to improve it?

Thank you for your cooperation

Please return the questionnaire to:
Business Research Division
University of Colorado
Campus Box 420
Boulder, Colorado 80309

APPENDIX C

DEFINITION OF TERMS

The definitions of terms utilized throughout the report were developed primarily by the National Ski Area Association's Economic Study Committee. Definitions are given below together with a brief explanation of the usage of the information.

1. Season—the inclusive months during which a ski area is open each season.
2. Fiscal Year—the month in which an area closes its books.
3. Type of Lifts—for purposes of this study are categorized as surface, chair, or gondola.
4. Year Lift First Operated—year when the lifts were first installed and operated. Provides a rough measure of capital investment in the industry over time.
5. Vertical Drop—the vertical distance from the top to the bottom of the slope for a particular lift.
6. Uphill Capacity—the manufacturers rated number of skiers per hour a lift can transport to the top of the slope. An area's capacity is the sum of the individual lifts.
7. VTF/Hour (Vertical Transport Feet Per Hour)—the product of the vertical drop of a lift times the lift manufacturers rated skiers per hour capacity.
8. Day Skier Area—area at which overnight, dining and after-ski facilities are limited since the area primarily serves a day skier market.
9. Weekend Skier Area—area with substantial overnight accommodations and a variety of dining and entertainment but which primarily serves skiers who stay for a weekend.
10. Vacation Skier Area—area which primarily serves the skier who stays longer than a weekend.
11. Weekend Only Area—area which is open only on weekends.
12. Skier Visit—one person visiting a ski area for all or any part of a day or night for the purpose of skiing. This is the total number of lift tickets issued. Skier visits include full-day, half-day, night, complimentary, adult, child, season and any other ticket types that give a skier the use of an area's facilities. Where single rides or coupon books are an important source of revenue, equivalent skier visits are computed from these sources. Each ticket sold for night skiing is included as a skier visit. Skier visits is an actual count and includes season ticket use.

13. Standard Metropolitan Statistical Area (SMSA)—an incorporated area with a nucleus of at least one city of 50,000 inhabitants or more (or "twin cities" with a combined population of at least 50,000).
14. Slope Transport Feet—a method for prorating winter-sport uphill facility capacity on the basis of land ownership. The multiplication of (1) the capacity of each lift times (2) the slope distance traveled by that lift through each ownership (private or U.S. Forest Service). These factors are added for each ownership and the percentage they bear to the total is determined. The resulting percentages reflect by ownership the weighted capacity of the lifts.
15. Revenue—the total revenue derived from ski area operations including ski lifts, ski school, cafeteria, ski shop, equipment rentals, accommodations, and real estate. It also includes concession income from leased operations.
16. Direct Labor—total employees' salaries and wages.
17. Other Direct Expense—any other costs directly related to the particular activity (excluding depreciation).
18. Gross Margin—the revenue available to cover other expenses after direct expenses have been deducted.
19. Insurance—includes both insurance premiums and self-insured losses or deductible losses paid during the twelve month period.
20. Profit (Loss) Before Income Tax—net income derived from all area operations after direct and other expenses have been deducted from total revenue.
21. Current Assets—assets such as cash, inventories, prepaid expenses, accounts receivable, or other items which will convert to cash in the normal course of business within one year.
22. Gross Fixed Assets (GFA)—the total of the original undepreciated cost (not present value) of the improvements and fixtures plus the cost of equipment necessary to generate sales and other income such as day buildings, lifts, equipment, investment in trails, parking, etc., less cost of equipment disposed of. Fixed assets are shown at original cost including additions, but prior to any allowances for depreciation and/or amortization.
23. Depreciation—the cumulative sum of depreciation of gross fixed assets. Indicates the extent to which an area's assets have been written off. Should not include any depreciation on assets previously disposed of.
24. Other Assets—any assets other than current or gross fixed assets. Includes land held for resale as well as overnight accommodations.
25. Current Liabilities—liabilities such as accounts payable, accrued wages, accrued payroll taxes and portions of loans or long term debt due within one year.

26. Long Term Senior Debt—borrowings with repayment scheduled more than one year in the future that are secured by some claim to property or equipment in the event of non-payment.
27. Long Term Subordinated Debt—all borrowing with repayment scheduled more than one year in the future and where the lender has no claim to a specific asset upon liquidation and/or subordinated in terms of priority of payment to other creditors.
28. Invested Capital—the original ownership investment (amount received for stock, partnership or proprietorship interest), plus any new equity funds raised from sources other than earnings.
29. Retained Earnings (Loss)—cumulative earned surplus or loss from annual operations.

Economic Ratios

30. Ski Area Capacity—is defined as those numbers of skiers that a given ski area can comfortably support on the slopes, lifts and in the base and mountain warming buildings without over-crowding or those that may be accommodated at one time and still preserve a congenial environment. A ski area's comfortable capacity is some function of VTF/hour, scope of skiing, and difficulty of terrain, as well as a reflection of the various abilities of the skiers. Ski area capacity is a judgment. In this report it is calculated by assuming a specific VTF/hour demand that varies by geographic region.
31. Operating Profit—is defined as profit before income tax and interest expense. These two expenses vary according to the capital structure and past operations history. Operating Profit is a more precise way of measuring economic variations due to operating experience and seasonal fluctuations and allows for the comparison of ski areas with varying capital structures.
32. Utilization—is measured in percent of capacity. Capacity is the product of a ski area's capacity times its days of operation. Utilization compares actual skier visits to calculated ceiling season capacity.
33. Capital Cost (GFA)/Capacity Ratio—is the ratio between the cost to construct the ski area and its ability to handle skiers. As such for any given point in time it is a rough measure of the site and design efficiency.
34. Operating Cost/Capacity Ratio—is the ratio between cash operating costs (excluding depreciation and interest) and the ceiling season skier capacity (ski area capacity times length of season). Note that since methods used in the presentation of the average area's income statement exclude any and all direct operating expenses for supporting departments that they too are excluded from this ratio. This ratio is a measure of the operating efficiency of a ski area. It is expressed in dollars per skier visit of seasonal capacity.

35. Total Revenue Per Skier Visit—is the gross dollars actually received from each skier for each visit from ski lifts ticket sales, plus the net margin from each supporting activity. It is calculated by dividing total revenue by actual skier visits.
36. Days/nights of Operation—is measured in "equivalent" days/nights where full weight is given to days and nights where all facilities are open; 75 percent to days where less than full but more than one-half of the mountain is open and skiable; and 25 percent to days where less than half of the mountain is open and skiable.

APPENDIX D

NSAA ECONOMIC STUDY COMMITTEE

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